

The Canadian Society of Cost Accountants & Industrial Engineers

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Issued by
The Canadian Society of Cost Accountants & Industrial Engineers,
Headquarters, 81 Victoria St., Toronto, Canada,
1932

CHARTER

The Society was incorporated by letters patent of the Dominion of Canada on May 3, 1920, as The Canadian Society of Cost Accountants.

The applicants for incorporation, who constituted the first or provisional directors, were: James Hutchison, Montreal; R. J. Dilworth, Toronto; F. C. Gilbert, Winnipeg; G. W. Dickson, Halifax; G. E. Winter, Vancouver; G. C. Rooke, Regina; J. B. Sutherland, Calgary, and R. A. MacIntyre, St. John.

On June 10, 1930, the name was enlarged to The Canadian Society of Cost Accountants & Industrial Engineers. The Society is subject to the Companies Act of Canada, and its operations are governed by by-laws passed at general meetings of the Society.

OBJECTS

The objects of the Society as set forth in its Charter are as follows:—

- (a) To promote actively the study and application of the Science of cost accounting.
- (b) To develop and foster in commerce and industry a wider adoption of scientific cost accounting methods as an aid to management and executive control.
- (c) To provide an organization to facilitate the increase in knowledge and proficiency of its members, in all matters relating to cost accounting and allied branches of commercial and industrial management.

BY-LAWS

ARTICLE 1. MEMBERSHIP

- (a) Membership in the society shall be opened to anyone of age eighteen years or over, who is engaged in or interested in any branch of accounting, industrial engineering or plant management.
- (b) Application for membership shall be made on the form provided by the Society for that purpose.
- (c) An application must be approved by the directors of the nearest Chapter. The directors of the Society reserve the right to refuse admission, or to cancel any membership.

ARTICLE 2. FEES

- (a) The fee for membership shall be Fifteen Dollars per year.
- (b) The membership fee shall be payable in advance on the first day of March in each year. New members shall be required to pay only for the unexpired portion of the year.
- (c) Any member who fails to make payment of his fee within three months from the date when it is payable, shall be liable to have his membership terminated.

ARTICLE 3. GOVERNMENT

- (a) The affairs of the Society shall be managed by a Board of Directors, which shall consist of not less than fifteen and not more

than thirty members of the Society who shall be elected by the members at the annual meeting of the Society, and of the chairman and vice-chairman of each chapter.

(b) For the transaction of business at any meeting of the Board of Directors five shall form a quorum.

ARTICLE 4. OFFICERS

(a) The Board of Directors shall, at their first meeting after such election, elect from among themselves a President, two Vice-Presidents, an Honorary Secretary and an Honorary Treasurer, and may also from time to time appoint such other officers as the business of the Society shall render expedient and determine their duties and remuneration.

(b) The President of the Society may designate any member of the Board to act as Director in charge of some special phase of the activities of the Society, and any Director so appointed shall make a periodical report to the President of his work in that connection.

ARTICLE 5. MEETINGS

(a) Notice of the time and place for holding a general meeting of the Society shall be given at least fourteen days previously to the time in such notice specified for such meeting, by mail, addressed to the last known address of each member in good standing. At all general meetings of the Society every member in good standing shall be entitled to one vote and such vote may be given in person or by proxy if such proxy is himself a member in good standing. All questions proposed for the consideration of the members at such meetings shall be determined by the majority of votes, and the Chairman at such meetings shall have the casting vote in case of an equality of votes.

(b) A special general meeting of the Society may be called at any time by the President or by a majority of the Board of Directors or upon the written request of at least twenty members in good standing.

(c) For the transaction of business at any general meeting of the Society five members present shall constitute a quorum.

ARTICLE 6. ANNUAL MEETING

(a) The fiscal year of the Society shall end on the last day of February in each year, and the annual meeting of the Society shall be held within two months thereafter at such time and place as the Board shall determine.

(b) A report on the work of the Society, together with a financial statement for the previous year, duly audited, shall be presented at each annual meeting.

(c) At the annual meeting in each year two Auditors shall be elected by the members of the Society from among their number, and the persons so elected shall certify as to the correctness of the next following financial statement.

ARTICLE 7. CHAPTERS

(a) The Board of Directors may authorize the formation of Local Chapters in such centres as they may deem advisable, may designate the territory to be allotted to such chapters, and may make such

grants from the funds of the Society as they may deem expedient for the development and carrying on of Chapter work.

(b) Each Chapter shall be entitled to 20% of the fees collected by the Society from members within its territory, with a minimum of \$60 (Sixty Dollars) per year, payable semi-annually, as and when directed by the Board of Directors.

(c) The fiscal year of all Chapters shall end on the last day of February in each year. The annual meeting of each Chapter shall be held within one month thereafter.

(d) Each Chapter shall be governed by a Board of Directors, elected at its annual meeting, of not less than seven and not more than fifteen members. These directors shall elect from their own number a Chairman, a Vice-Chairman and a Secretary-Treasurer or a Secretary and a Treasurer. At any meeting of the Directors of the Chapter five shall constitute a quorum.

(e) Each Chapter shall have the right to make such other regulations as may be found necessary to meet local conditions, subject always to the approval of the Board of Directors of the Society.

(f) Each Chapter shall, within one month after the close of its financial year, forward to the Society a copy of its financial statement for the year.

ARTICLE 8. CORPORATE SEAL

The Society shall have a Corporate Seal. An impression of the Corporate Seal, certified by either the President or a Vice-President and by either the Honorary Secretary or the Honorary Treasurer, shall be binding upon the Society, but the Officers so certifying shall be personally accountable to the Directors and the Society for the due and proper exercise of such authority.

ARTICLE 9. SIGNING OFFICERS

All cheques or other negotiable instruments not requiring the use of the Corporate Seal shall be signed by the President, or a Vice-President, or the Honorary Treasurer and by the General Secretary or other officer designated by the Directors.

ARTICLE 10. EXAMINATIONS

The Board of Directors shall have power to hold examinations and to issue certificates of efficiency to successful candidates.

ARTICLE 11. AMENDMENT OF BY-LAWS

The Directors may from time to time repeal, amend or re-enact by-laws of the Society, but every such by-law and every repeal, amendment or re-enactment thereof, unless in the meantime confirmed at a general meeting of the Society, duly called for that purpose, shall only have force until the next annual meeting of the Society, and in default of confirmation thereat shall, at and from that time, cease to have force; provided, however, that no such repeal, amendment or re-enactment thereof shall have any force or effect, whatever until approved by the Secretary of State in accordance with sub-section 4 of Section 7A of the Companies Act.

ARTICLE 12

All former by-laws of the Society are hereby repealed.

ORGANIZATION AND WORK

The Society has functioned continuously from the date of its incorporation, and its activity has steadily increased. In the early years meetings were only occasional, but with the development of Chapters in the leading cities regular programs were arranged. In 1924 the Society was affiliated with the National Association of Cost Accountants of the United States, and our members received the publications of the latter body. This connection was severed in 1926, but the two organizations continue in friendly co-operation. Since that date, this Society has had its own monthly publication, "Cost and Management," which provides the members with a fund of educational material drawn from its meetings and from other sources, and also records the activities of the Society and its chapters. In 1927 headquarters were established in Toronto from which the general business of the Society is conducted. In 1928 the Society inaugurated a plan for examinations and the issue of Certificates of Efficiency in Cost Accounting.

Toronto Chapter was formally organized in 1923, Montreal Chapter in 1924, Hamilton Chapter in 1925, Winnipeg Chapter in 1928, Central Ontario Chapter in 1929, and Vancouver Chapter in 1930.

Annual conventions, attended by members of the Society as a whole, were held in September, 1926, at Toronto, and in September, 1927, at Montreal.

The Society's name was extended in June, 1930, to The Canadian Society of Cost Accountants & Industrial Engineers, to make the Society more definitely useful to industrial engineers and others engaged in controlling production. It was recognized that this field has much in common with cost accounting and that the organization can serve both classes of members economically and effectively.

The chief activities of the Society are as follows:

Chapter Meetings. These are held regularly by each branch or Chapter, and are addressed by the best available speakers, or take the form of discussion among Chapter members.

Cost and Management. This monthly publication of 32 pages, issued by the Society's central office, prints addresses at our various Chapter meetings, for the benefit of all our members. Other material, from outside sources, is also used. It also gives news of the Society's activities.

Employment. The Society's central office maintains a list of men with experience in costing or industrial engineering, who are available for new employment, and invites inquiries for such men. Each year a number of these men are placed in new positions.

Reference Library. The Society's central office has extensive reference literature on cost accounting and related subjects, including books, pamphlets and magazine articles. This literature is for the use of members. Any member having a special problem is invited to write about it, and some helpful information can usually be provided.

Examinations. A first examination for the Society's certificate of Efficiency in Cost Accounting, was held in Montreal on May 5, 1931, and a second was arranged for May, 1932. Members or others interested in this phase of our work are invited to write for particulars.

Special Courses. The Society has co-operated with other organizations in providing elementary courses on cost accounting and related subjects, in Montreal and Toronto and will be glad to do so at other points as occasions arise. Particulars of such courses may be obtained from the Society's office in Toronto or from officers of the different Chapters.

FINANCIAL STATEMENT

THE CANADIAN SOCIETY OF COST ACCOUNTANTS AND INDUSTRIAL ENGINEERS

Balance Sheet
29th February, 1932

ASSETS

Cash in Bank	\$ 115.73
Investments—Bonds at Cost (Market Value \$3,245.00)	3,492.95
Interest Accrued	39.58
	<u>\$3,648.26</u>

LIABILITIES

Membership Fees Received in Advance	\$ 196.25
Prize Money Held in Trust	100.00
Accounts and Salary Payable	304.30
Surplus—	
Balance, March 1, 1931	\$2,577.26
Surplus for the year ended February 29, 1932..	<u>470.45</u>
	<u>3,047.71</u>
	<u>\$3,648.26</u>

Certified Correct,
Fred Page Higgins, F. C. A.
C. H. Pelling, C. A.

Statement of Revenue and Expenditures for the Year ended 29th February, 1932

Revenue:	
Membership Fees	\$5,720.20
Interest Earned	175.00
Publications Revenue	220.61
Prize Fund, Unexpended	16.31
Examination Fees	50.00
	<u>\$6,182.12</u>
Expenditure:	
General Expenses	\$1,985.72
Chapter Allowances	1,194.04
Publication Expense	2,512.39
Bank Exchange	19.52
Surplus for the Year	<u>470.45</u>
	<u>\$6,182.12</u>

PRINCIPAL OFFICERS OF THE SOCIETY SINCE ORGANIZATION

DOMINION

Year	President	Vice-Presidents	Secretary	Treasurer
1920-21	Geo. Edwards, F.C.A.	Jas. Hutchison, C.A.	W. J. Valteau	W. J. Valteau
1921-22	Geo. Edwards, F.C.A.	R. J. Dilworth, F.C.A.	W. J. Valteau	W. J. Valteau
1922-23	Geo. Edwards, F.C.A.	R. J. Dilworth, F.C.A.	W. J. Valteau	W. J. Valteau
1923-24	Geo. Edwards, F.C.A.	R. J. Dilworth, F.C.A.	M. G. Dolan	John Craig
1924-25	R. L. Wright	Wm. Carswell, C.A.	Henry Glover	G. H. Houston
	Wm. Carswell, C.A.	R. J. Dilworth, F.C.A.		
1925-26	Wm. Carswell, C.A.	John Craig	S. B. Peckham	G. H. Houston
1926-27	John Craig	L. Belanger, L.A.	R. S. Smith	G. H. Houston
1927-28	L. Belanger, C.P.A.	James Turner, C.A.	L. P. Lortie, C.A.	G. H. Houston
1928-29	James Turner, C.A.	R. R. Thompson, C.A.	(Editor and Manager, W. A. McKague)	G. C. Leroux, C.P.A.
1929-30	R. R. Thompson, C.A.	R. R. Thompson, C.A.	(General Sec'y, W. A. McKague)	G. C. Leroux, C.P.A.
1930-31	S. E. LeBrocq	R. E. Love	(General Sec'y, W. A. McKague)	G. C. Leroux, C.P.A.
1931-32	H. E. Guilfoyle, F.C.A.	S. E. LeBrocq	(General Sec'y, W. A. McKague)	G. C. Leroux, C.P.A.
1932-33	L. A. Peto	H. E. Guilfoyle, F.C.A.	(General Sec'y, W. A. McKague)	G. C. Leroux, C.P.A.
		W. J. Mundell, C.A.	(General Sec'y, W. A. McKague)	G. E. F. Smith, C.A.
		G. H. Houston	(General Sec'y, W. A. McKague)	K. A. Mapp, F.C.A.

MONTREAL CHAPTER (Organized 1924)

Year	Chairman	Vice-Chairman	Secretary	Treasurer
1924-25	Wm. Carswell, C.A.	L. A. Peto	D. M. Farish, C.A.	S. B. Peckham
1925-26	D. M. Farish, C.A.	A. Richards	E. W. King	C. E. Whitten
1926-27	L. Belanger, C.P.A.	R. R. Thompson, C.A.	F. Fernie	C. E. Whitten
1927-28	R. R. Thompson, C.A.	G. C. Leroux	D. R. Patton, C.A.	C. E. Whitten
1928-29	G. C. Leroux, C.P.A.	L. A. Peto	D. R. Patton, C.A.	C. E. Whitten
1929-30	L. A. Peto	C. E. Whitten	D. R. Patton, C.A.	L. Rhodes
1930-31	G. T. Bowden, M.C.I.	J. P. Masterson, C.G.A.	H. W. Blunt, C.A.	L. Rhodes
1931-32	R. W. Louthood	J. P. Masterson, C.G.A.	R. Schurman, C.A.	L. Rhodes
1932-33	J. P. Masterson, C.G.A.	L. Rhodes	R. Schurman, C.A.	R. Joubert

TORONTO CHAPTER (Organized 1923)

Year	Chairman	Vice-Chairman	Secretary	Treasurer
1923-24	R. L. Wright	H. T. Jamieson, C.A.	N. M. Bassin	G. H. Houston
1924-25	H. T. Jamieson, C.A.	N. M. Bassin	R. S. Smith	M. J. Smith
1925-26	H. T. Jamieson, C.A.	Jno. Craig	T. S. Jardine	R. S. Smith
1926-27	T. S. Jardine	James Turner	D. C. Patton	H. I. Black
1927-28	James Turner, C.A.	H. E. Guilfoyle, C.A.	R. A. Burdett	R. A. Burdett
1928-29	J. E. Carruthers	D. C. Patton	J. R. Pidduck	H. A. Shiach, C.A.
1929-30	D. C. Patton	R. Oaten	H. J. McQuillan	H. A. Shiach, C.A.
1930-31	R. Oaten	K. A. Mapp, F.C.A.	E. W. Carpenter	H. A. Shiach, F.C.A.
1931-32	K. A. Mapp, F.C.A.	W. M. Lane	E. W. Carpenter	J. W. Spence
1932-33	W. M. Lane	J. W. Spence	E. W. Carpenter	S. H. Sorley, C.A.

HAMILTON CHAPTER (Organized 1925)

Year	Chairman	Vice-Chairman	Secretary-Treasurer
1925-26	Geo. R. Kerr	W. G. Donaldson	S. G. Richardson, C.A.
1926-27	W. G. Donaldson	A. J. Finck	G. E. F. Smith, C.A.
1927-28	R. E. Love	A. E. Keen, C.A.	M. I. Long, C.A.
1928-29	S. E. LeBrocq	G. E. F. Smith, C.A.	M. I. Long, C.A.
1929-30	M. I. Long, C.A.	A. J. Finck	A. J. Mouncey
1930-31	G. E. F. Smith, C.A.	A. J. Mouncey	A. E. Keen, C.A.
1931-32	A. J. Mouncey	H. M. Ross	R. Dawson
1932-33	A. E. Keen, C.A.	A. J. Ballentyne	R. Dawson

CENTRAL ONTARIO CHAPTER (Organized 1929)

Year	Chairman	Vice-Chairman	Secretary-Treasurer
1929-30	E. Tailby, L.A.	G. Earnshaw	C. J. Heinrich, L.A.
1930-31	E. Tailby, L.A.	G. Earnshaw	C. J. Heinrich, L.A.
1931-32	G. Earnshaw	C. J. Heinrich, L.A.	C. R. Dorschell
1932-33	G. Earnshaw	C. J. Heinrich, L.A.	C. R. Dorschell

WINNIPEG CHAPTER (Organized 1928)

Year	Chairman	Vice-Chairman	Secretary-Treasurer
1928-29	F. C. Gilbert, C.A.	W. J. Mundell, C.A.	G. A. Phare
1929-30	E. W. J. Mundell, C.A.	G. J. Logan	R. H. Sims
1930-31	John Parton, C.A.	E. J. Burleigh	T. E. Saul, C.A.
1931-32	E. J. Burleigh	J. B. Sutherland, C.A.	T. E. Saul, C.A.
1932-33	A. S. Pildrem	W. W. McVey, C.A.	T. E. Saul, C.A.

VANCOUVER CHAPTER (Organized 1930)

Year	Chairman	Vice-Chairman	Secretary-Treasurer
1929-30	H. D. Campbell, C.A.	J. S. Dull	R. V. Kirby
1931-32	H. D. Campbell, C.A.	J. S. Dull	R. V. Kirby
1932-33	(to be elected)		

OFFICERS OF THE SOCIETY, 1932-33

President—L. A. Peto, Canadian Car & Foundry Co. Ltd., Montreal.
Vice-presidents—W. J. Mundell, C.A., Ogilvie Flour Mills Co. Ltd., Winnipeg; G. H. Houston, Rolph-Clark-Stone, Ltd., Toronto.
Honorary Treasurer—K. A. Mapp, F.C.A., Henry Barber, Mapp & Mapp, Toronto.
Honorary Secretary—G. E. F. Smith, C.A., Richardson, Smith, Ferrie & Co., Hamilton.
General Secretary—W. A. McKague, M.A., 81 Victoria St., Toronto.
Directors—A. J. Ballentyne, Firestone Tire & Rubber Co. of Canada Ltd., Hamilton; L. Belanger, C.P.A., Montreal; G. T. Bowden, Steel Co. of Canada Ltd., Montreal; H. D. Campbell, C.A., Vancouver; J. S. Dull, Canadian Westinghouse Co. Ltd., Vancouver; G. Earnshaw, Guelph Carpet & Worsted Spinning Mills Co. Ltd., Guelph; H. E. Guilfoyle, F.C.A., Clarkson, Gordon, Dilworth, Guilfoyle & Nash, Toronto; C. J. Heimrich, I.P.A., Cluett, Peabody & Co. of Canada Ltd., Kitchener; T. S. Jardine, United Drug Co. Ltd., Toronto; A. E. Keen, C.A., Thorne, Mulholland, Howson & McPherson, Hamilton; W. M. Lane, Lever Bros. Ltd., Toronto; R. W. Louthood, Beauharnois Corporation Ltd., Montreal; E. D. MacPhee, York Knitting Mills Ltd., Toronto; J. P. Masterson, C.G.A., Canadian Industrial Alcohol Co. Ltd., Montreal; A. J. Mouncey, Norton Co. of Canada Ltd., Hamilton; G. M. Mulholland, F.C.A., Thorne, Mulholland, Howson & McPherson, Hamilton; W. W. McVey, C.A., MacDonald, McVey & Co., Winnipeg; A. S. Pildrem, Canada Bread Co. Ltd., Winnipeg; L. Rhodes, Consolidated Lithograph Mfg. Co. Ltd., Montreal; J. Paul Rolland, Rolland Paper Co. Ltd., St. Jerome, Que.; J. W. Spence, Canadian Kodak Co. Ltd., Toronto; E. Tailby, I.P.A., Kitchener; R. R. Thompson, M.C., V.D., A.C.A., C.A., McGill University, Montreal; Jas. Turner, C.A., T. Eaton Co. Ltd., Toronto.

MONTREAL CHAPTER

Chairman—J. P. Masterson, C.G.A., Canadian Industrial Alcohol Co., Ltd.
Vice-Chairman—L. Rhodes, Consolidated Lithograph Manufacturing Co., Ltd.
Treasurer—Rodolphe Joubert, Dominion Income Tax Dept.
Secretary—R. Schurman, C.A., R. Schurman & Co.
Directors—H. W. Blunt, C.A., A. K. Fisk, Skelton & Co.; A. Broomer, A.C.A., C.A., Robt. Mitchell Co., Ltd.; L. N. Buzzell, C.A., Clarkson, McDonald, Currie & Co.; H. Douglas, Federated Press, Ltd.; P. E. Dufresne, Montreal; B. A. Dugal, Superintendent of Insurance, Quebec; S. Farquharson, A.M.E.I.C., Farquharson & Co.; G. I. Mackenzie, Northern Electric Co. Ltd.; D. R. Patton, C.A., Montreal; T. I. Smythe, David & Frere, Ltd.; P. W. Wright, Shawinigan Engineering Co., Ltd.

TORONTO CHAPTER

Chairman—W. M. Lane, Lever Bros., Ltd.
Vice-Chairman—J. W. Spence, Canadian Kodak Co., Ltd.
Treasurer—S. H. Sorley, C.A., Thorne, Mulholland, Howson & McPherson.
Secretary—E. W. Carpenter, DeForest Radio Corporation, Ltd.
Directors—F. E. Brooks, Canadian National Carbon Co., Ltd.; C. D. Dean, Imperial Oil, Ltd.; G. R. M. Dingle, Massey-Harris Co., Ltd.; B. W. Lang, Goodyear Tire & Rubber Co. of Canada, Ltd.; C. H. Pelling, C.A., Clarkson, Gordon, Dilworth, Guilfoyle & Nash; C. A. Phare, Toronto; R. Presgrave, York Knitting Mills, Ltd.; C. P. Roberts, C.A., J. P. Langley & Co.; H. A. Shiach, F.C.A., Rutherford Williamson & Co.; E. E. Sparrow, Imperial Varnish & Color Co., Ltd.; R. F. Bruce Taylor, C.A., Edwards, Morgan & Co.

HAMILTON CHAPTER

Chairman—A. E. Keen, C.A., Thorne, Mulholland, Howson & McPherson.
Vice-Chairman—A. J. Ballentyne, Firestone Tire & Rubber Co., Ltd.
Secretary-Treasurer—R. Dawson, The Hoover Co., Ltd.
Directors—C. W. Berquist, Hamilton Hydro-electric System; A. C. Fraser, Steel Company of Canada, Ltd.; K. M. Horton, Cosmos Imperial Mills, Ltd.; O. H. Menzel, Polymet of Canada, Ltd.; F. Moffatt, International Harvester Co., Ltd.; H. P. Wright, Wright-Pounder Co.

CENTRAL ONTARIO CHAPTER

Chairman—G. Earnshaw, Guelph Carpet & Worsted Spinning Mills, Ltd., Guelph.
Vice-Chairman—C. J. Heimrich, L.A., Cluett, Peabody & Co. of Canada, Ltd., Kitchener.
Secretary-Treasurer—C. R. Dorschell, Babcock-Wilcox & Goldie-McCulloch, Ltd., Galt.
Directors—C. T. Black, Canadian General Rubber Co., Ltd., Galt; E. J. Miller, Globe Furniture Co., Ltd., Waterloo; E. R. Scott, Babcock-Wilcox & Goldie-McCulloch, Ltd., Galt; E. Tailby, L.A., Kitchener; C. B. Taylor, Canadian General Rubber Co., Ltd., Galt.

WINNIPEG CHAPTER

Chairman—A. S. Pildrem, Canada Bread Co., Ltd.
Vice-Chairman—W. W. McVey, C.A., MacDonald, McVey & Co.
Secretary-Treasurer—T. E. Saul, C.A., Dunwoody, Nicholl, Saul & Co.
Directors—D. C. Hodson, Dominion Bridge Co., Ltd.; J. G. Mundie, C.A., Riddell, Stead, Graham & Hutchinson; G. H. Sheppard, International Business Machines Co., Ltd.; J. B. Sutherland, C.A., Geo. A. Touche & Co., Ltd.

VANCOUVER CHAPTER

Chairman—H. D. Campbell, C.A.
Vice-Chairman—J. S. Dull, Canadian Westinghouse Co., Ltd.
Secretary-Treasurer—R. V. Kirkby, Associated Dairies, Ltd.
Directors—G. R. Baird, Associated Dairies, Ltd.; H. V. Cox, Canadian Westinghouse Co., Ltd.; W. Griffiths, C.A.; J. Harvey, C.A., Peat, Marwick, Mitchell & Co.; G. S. McGlashan, British Columbia Sugar Refining Co., Ltd.; J. J. Plommer, C.A., Shaw, Salter & Plommer.

REPORT OF PRESIDENTS AND DIRECTORS

(Presented at the annual meeting of The Canadian Society of Cost

Accountants and Industrial Engineers, Toronto, April 11, 1932)

We have pleasure in reporting as follows on the activities of the Society in the year ended February 29th, 1932:

Membership:—As from March 1, 1931, the junior membership at \$5 a year was dropped, while the regular membership fee was reduced from \$20 to \$15 a year, so that all membership distinctions or classes ceased on that date. We have a total membership as at February 29th, 1932 of 427, compared with a total membership of 416 a year ago—an increase of 11 after overcoming the cancellations of a substantial number of junior members. The detailed comparison is as follows:

Chapter	February 28, 1931			February 29, 1932
	Senior	Junior	Total	
Montreal Chapter	120	13	133	135
Toronto Chapter	94	30	124	167
Hamilton Chapter	34	26	60	45
Central Ontario Chapter	19	7	26	23
Winnipeg Chapter	29	4	33	32
Vancouver Chapter	33	7	40	25
	<u>329</u>	<u>87</u>	<u>416</u>	<u>427</u>

Finances:—The revision in membership fees reduced our revenue but expenses were reduced in proportion, and as a result, a surplus of \$470.45 is shown for the year. The financial statement will be presented by the Treasurer. Our investments are in Canadian Government bonds. Our stock of reference literature, which is extended each year, is provided out of current revenue.

Chapters:—The six Chapters of the Society held a total of 54 meetings during the year. The addresses and discussions maintained the high standard set in the past. The Chapters receive for local expenses 20 per cent. of the fees collected from members, and such special grants an may be authorized by the directors of the Society. The following is a summary of Chapter financial results for the year:

	Balance brought forward		Receipts	Expenses	Balance carried forward	
Montreal	\$467.45		\$385.20	\$447.09	\$405.56	
Toronto	227.04		391.54	341.99	276.59	
Hamilton	61.85		137.87	156.18	43.54	
Central Ontario ...	35.01		72.23	43.17	64.07	
Winnipeg	171.55		100.42	80.03	191.94	
Vancouver	24.93		119.75	137.51	7.17	
Totals	<u>\$987.83</u>		<u>\$1,207.01</u>	<u>\$1,205.97</u>	<u>\$988.87</u>	

Because of the depressed business conditions prevalent throughout the past year, no attempt has been made to open any new Chapters but certain good contacts in new districts have been made. Our officers in Montreal are warming up a friendly interest in the City of Quebec where we hope to establish a Chapter when conditions are better. Conversations have recently taken place with friends in

Regina and Calgary were in combination with existing Accountants' Clubs it is hoped to form Chapters when Western conditions right themselves.

Death of George C. Leroux:—With feelings of regret and with a full appreciation of our loss we refer to the death in Montreal within the past year of George Leroux. Mr. Leroux was an enthusiastic member and worker in our Society and at the time of his death held the office of Vice-President. In his place your Board appointed Mr. L. A. Peto as Vice-President.

Publications:—Our monthly "Cost and Management" was published regularly. The activities of the season now ending have developed new material which assures our members of interesting and useful issues through the summer months. A pamphlet was also published covering the by-laws and outline of work of the Society, and the membership list.

Reference Literature:—An increasing number of our members are making use of the reference data collected and kept on file by the Society. The range of literature is being enlarged to suit the widened scope of the Society, and this feature of our work promises to become more and more valuable to members.

Questionnaires:—Questionnaires on wage rates and on sales expenses were issued to representative list of members in February, the results being given in summary form in "Cost and Management" of March, 1932.

Employment:—In spite of the depressed business conditions the Society was able to assist in the placing of a number of cost men. The fact that several requests came to our attention in recent months leads us to hope that in the near future the Society may be of more assistance in this way, both to members looking for positions and to concerns seeking skilled help.

Visits to Chapters:—The President of the Society visited the Chapters at Montreal, Toronto, Hamilton, Central Ontario, and Winnipeg during the past year, and as his representative, Mr. K. A. Mapp visited the Vancouver Chapter. The General Secretary also attended meetings of each Chapter of the Society.

Membership Trophy:—The membership trophy, donated to the Society in 1930, was awarded to Montreal Chapter, G. T. Bowden, Chairman, for its gain in membership during the 1930-31 season. The Toronto Chapter, K. A. Mapp, F.C.A., Chairman, is the winner for the 1931-32 season.

Prizes:—The sum of \$50 previously donated to the Society for prizes, was distributed as follows: Best reports of Chapter activities in 1930-31 season, \$25 to Mr. H. W. Blunt, C.A., Montreal; best paper presented to Society meetings by members not over 30 years of age, \$15 to S. M. Milne, Winnipeg, and \$10 to G. H. Sheppard, Hamilton. A further sum of \$100 has been donated in 1931 by an anonymous member for prizes, for the best reports of Chapter activities in "Cost and Management," and this has been awarded as follows: \$50 to R. Dawson, Hamilton; \$30 to R. Schurman, Montreal; \$20 to C. R. Dorschell, Central Ontario.

All of which is respectfully submitted.

H. E. GUILFOYLE,
President.

W. A. McKAGUE,
General Secretary.

COST STUDIES PUBLISHED BY THE SOCIETY

(Copies available at 50 cents each)

Accounts Payable Department, Routine of.	W. M. Wilson	Mar., 1923
Accuracy in Business.	E. H. Morrow	July, 1928
Administration and Selling Costs, Distribution of.	A. E. Keen	Apr., 1929
Appraisals and Plant Records.	H. C. Baker	Feb., 1930
Aviation Costs.	J. Hunter	Apr., 1929
Balance Sheet.	H. D. Clapperton	July, 1927
Bank, Office Machinery in a.	Angus Macdonald	Mar., 1930
Bedaux Point System.	W. R. Hodgson	Nov., 1928
Billing and Controlling Accounts at Montreal	L. H. & P. D. MacInnes	Dec., 1931
Budget Control, Accounting and.	J. E. Goldring	Jan., 1928
Budget Control—How to Get Started.	G. E. F. Smith	June, 1931
Budget Control—What it Does and How to Do It.	Ernst & Ernst	Nov., 1931
Budgetary Control.	H. Gilbert, C.A.	Feb., 1928
Budgetary Control	Wm. Carswell, C.A.	Dec., 1929
Budgetary Control.	E. S. LaRose	Jan., 1932
Budgeting Control and its Relation to Business Forecasting.	F. R. Fletcher	Mar., 1931
Burden to Meet Varying Conditions, Adjusting.	R. E. Case	Dec., 1930
Calendar, Changing the.	J. W. Spence	Apr., 1932
Canada and Its Railways.	Lieut.-Col. T. Vien, K.C.	July, 1931
Cash Discounts—Credit Notes		Sept., 1930
Confectionery Mfg. Plant, Cost Finding in.	Thos. Hood	Aug., 1929
Control of Labour and Material in process.	W. M. Lane	Sept., 1930
Conveyors.	F. M. Conant	Dec., 1931
Corporate Matters.	W. H. Coverdale	Aug., 1930
Corporations and Their Financing.	W. S. Ferguson, C.A.	Aug., 1930
Cost Accountant,—or Only Nine Months Behind.	G. E. F. Smith	Sept., 1929
Cost Accounting.	R. R. Thompson, C.A.	Sept., 1927
Cost Accounting, Stanley M. Milne		Feb., 1931
Cost Accounting, General Scope of.	J. G. Mundie, C.A.	Oct., 1929
Cost Accounting Practice in Canada.	W. A. McKague	Mar., 1930
Cost Accounting in Relation to Distribution.	Prof. J. F. Day	Aug., 1931
Cost Accounting to Business Management, Relation of.	R. B. W. Pirie, C.A.	Dec., 1930
Cost of Publishing Your Daily Newspaper, The.	W. McCurdy	Mar., 1932
Cost Studies on Proposed Changes in Processes.	C. E. Shumaker	May, 1931
Cost System of The Norton Co.	A. S. Merrifield	May, 1929
Costs and Cost Keeping.	W. H. Brown	Oct., 1928
Costs and Overhead in a Department Store.	A. E. Walford, C.A.	July, 1931
Costs Relating to Agricultural Products.	C. D. McCaig	Aug., 1931
Crop Harvesting Costs in.	E. A. Hardy	Jan., 1929
Currency and Credit, Recent Developments in.	Arch. B. Clark	Sept., 1929
Department Store Management and Accounts, Some Phases of.	G. F. Klein	Sept., 1930
Depreciation.	H. E. McCrudden	Oct., 1929
Depreciation, Formulae for.	H. Tate	Mar., 1929
Detail Operations of Cost System.	R. Dawson	Sept., 1928
Difficulties of Cost Systems.	L. N. Buzzell	Apr., 1931
Distribution, Cost of.	W. A. McCaffrey	May, 1928
Dominion Income Tax.	C. S. Walters	Aug., 1929
Economics of Cost Accounting.	E. D. McCallum	May, 1930
Engineer, The Uncommercial.	E. A. Allcutt	Sept., 1930
Export Business, Financing.	G. A. Peters, C.A.	Aug., 1930
Factory Organization.	J. A. Coope	May, 1928
Factory, Planning and Building of a Modern.	W. Bruce Riddell	June, 1932
Financial Statements.	S. E. LeBrocq	June, 1927
Financial Statement.	John Cowan	Aug., 1927
Fire Insurance, Cost of.	W. A. Thompson	Mar., 1928
Fire and Use & Occupancy Insurance.	A. J. Mylrea	July, 1932
Forestry Department, Costing in.	G. C. Piche	June, 1928
Gas Manufacture and Uses of Gas.	Hugh McNair	Dec., 1929
Group Bonus System of DeForest Radio Corporation, Ltd.		Oct., 1930
Group Incentives.	R. Presgrave	June, 1932
Highway Expenditure, Accounting for.	J. L. Zoller	July, 1928
How and Where to Cut Waste		Oct., 1928
Industrial Accounting from a Practical Standpoint.	S. E. LeBrocq	Nov., 1929
Industrial Employee Relations.	D. C. Patton	Aug., 1931
Industrial Engineer, The.	H. F. Wilson	Oct., 1930
Industrial Engineering, Advantages of.	P. E. Dufresne	May, 1931
Industrial Engineering and Its Relation to Standard Costs.	J. E. Goudey	July, 1931
Insurance.	E. L. McLean	Apr., 1932
Inventory, Preparation and Taking of.	C. H. Black	Apr., 1930
Inventory, Preparation and Taking of.	J. A. Parkhill	Apr., 1930
Inventory Control & Production Scheduling.	B. W. Lang	Nov., 1930
Inventory Control.	H. Latter	Nov., 1930
Laundry Industry Today.	H. E. Holyoak	July, 1932
Labor Cost and Cost of Sales.	J. A. W. Rowe	June, 1930
Labour Distribution.	L. A. Peto	May, 1927
Life Insurance, Costing.	J. H. Lithgow	Feb., 1928
Lithographic Industry.	L. Rhodes	May, 1928
Lithographic Plant, Handling Supplies in.	C. Wiggle	Apr., 1928

COST STUDIES—Continued

Materials, Accounting For. <i>R. Oaten</i>	June, 1930
Materials From Stores, Drawing. <i>F. E. Brooks</i>	June, 1930
Materials Handling, Finding Hidden Costs in. <i>J. I. McCormick</i>	Oct., 1930
Minimizing the Evils of Unemployment. <i>S. B. Cornell</i>	Mar., 1932
Money, Considerations on Cost of. <i>Rene Marin</i>	Mar., 1930
Motor Trucks, Cost Factor in Operating. <i>J. E. Sweeney</i>	Dec., 1930
Montreal Tramways Contract. <i>Arthur DuPerron</i>	June, 1932
Municipal System of Montreal. <i>G. E. Saint Pierre, K.C.</i>	July, 1929
New Industry, Launching a. <i>R. R. Thompson</i>	Apr., 1930
Office Management Problems, Survey of. <i>W. M. Lane</i>	Feb., 1931
Operations of Manufacturing Co. <i>D. M. Farish, C.A.</i>	Mar., 1927
Operation of Modern Cost System. <i>L. Rhodes</i>	Jan.-Mar., 1927
Overheads and Their Distribution. <i>C. H. Black</i>	Feb., 1927
Packing Business, Cost in. <i>G. M. Pelton</i>	Nov., 1927
Paint Industry, Costs in the. <i>P. Probyn, C.A.</i>	May, 1930
Paper Company, Cost System of. <i>A. Lanthier</i>	Jan., 1930
Personnel in Industry, Welfare of. <i>R. W. Doering</i>	Feb., 1931
Personnel in Industry. <i>J. E. MacPherson</i>	May, 1932
Petroleum Industry, Costs in. <i>T. C. McCobb</i>	June, 1927
Photography, Costs in. <i>Charles Rice</i>	Aug., 1928
Plant Engineering. <i>A. Thormalen</i>	Aug., 1929
Plant Ledger, Installation and Control of a Modern. <i>J. P. Masterson</i>	Sept., 1929
Plant Ledger Sheets. <i>W. A. Robertson</i>	May, 1930
Plant Maintenance and Costs. <i>T. S. Jardine</i>	Jan., 1927
Plant Records for Accident Experience. <i>T. N. Dean, M.A., F.S.S.</i>	Oct., 1931
Preparation and Use of Cost Data. <i>A. S. Baillie</i>	May, 1931
Presentation of Costs to Executive. <i>G. A. Phare</i>	May, 1929
Presentation of Costs to the Executive. <i>W. F. Putt</i>	Aug., 1930
Production. <i>T. S. Jardine</i>	Aug., 1927
Production Costs. <i>W. A. McKague</i>	Mar., 1931
Production and Control of Materials, Planning. <i>E. W. Carpenter</i>	Aug., 1930
Production of a Modern Newspaper. <i>J. S. Miller, A.C.I.S.</i>	Aug., 1931
Production on Piece-Work Basis, Recording. <i>M. J. Roe</i>	June, 1930
Profit and Loss from Standard Costs. <i>D. C. Patton</i>	Feb., 1928
Public Utility Accounting Control. <i>E. H. Adams</i>	Aug., 1931
Public Utility Company. <i>M. T. Bancroft</i>	Nov., 1927
Punched Hole Method, The. <i>S. P. Mapes</i>	Mar., 1932
Quebec Streams Commission. <i>O. Lefebvre</i>	Apr., 1927
Rationalization Movement in Industry, Signification of the. <i>J. F. Day</i>	Nov., 1931
Recording on Piece-Work Basis. <i>C. Warnes</i>	June, 1930
Rubber Industry, Cost Accounting in. <i>J. Graham Farrow</i>	June, 1929
Rubber Industry, Accounting Control in. <i>H. P. Nellis</i>	June, 1929
Sales Book Production Costs. <i>G. S. N. Gostling</i>	Apr., 1931
Sales Statistics. <i>G. H. Sheppard</i>	Apr., 1931
Salesmen's Compensation. <i>H. G. Crockett</i>	July, 1927
Scope of Industrial Engineering in Industry. <i>Harry F. Wilson</i>	June, 1931
Scrap—Causes and Effects. <i>G. A. Phare</i>	June, 1930
Selling Costs, Distribution of. <i>A. E. Keen</i>	Apr., 1929
Selling and Administrative Expense, Distribution of. <i>J. F. Lovell</i>	July, 1930
Standard Costs, Elements of. <i>J. E. Carruthers</i>	Apr., 1927
Standard Costs. <i>D. M. Farish, C.A.</i>	Oct., 1928
Standard Costs. <i>Eric A. Camman, C.P.A.</i>	Jan., 1931
Standard Costs. <i>J. A. Waterbury</i>	Mar., 1931
Standard Costs. <i>R. E. Love</i>	Aug., 1931
Statements, Subdivision of. <i>R. R. Thompson, C.A.</i>	Mar., 1929
Statistical Method, Scope of. <i>V. Gratton</i>	Aug., 1929
Statistical Data & Reports for Management Control. <i>E. D. MacPhee</i>	May, 1932
Steel Industry, Factory Overhead in. <i>F. I. Greenfield</i>	July, 1928
Stock Control Records. <i>J. S. Luckett</i>	Aug., 1931
Stock Turnover. <i>G. Z. Lindley</i>	Jan., 1929
Stove Industry, Factory Overhead in. <i>R. Oaten</i>	Apr., 1928
Sales and Distribution Expense, Control of. <i>David M. Farish, C.A.</i>	July, 1932
Taxation, Incidence and Incidents of. <i>L. Belanger, C.P.A.</i>	Jan., 1929
Textile Plant, Standard Costs in. <i>H. M. Ross</i>	July, 1930
Textile Industry, Costs in. <i>F. G. Daniels</i>	Feb., 1929
Thirteen Period Calendar, Advantages of. <i>Meredith N. Stiles</i>	May, 1929
Tei-in of Factory Records with Costing System. <i>C. Oliver Wellington</i>	June, 1930
Time and Motion Study. <i>C. B. Prosser</i>	Mar., 1928
Time Studies, Scope and Value of. <i>H. F. Wilson</i>	Mar., 1929
Uses of Costs. <i>W. A. McKague</i>	June, 1928
Uniform Cost Accounting. <i>W. H. Brown</i>	June, 1928
Wage Incentives. <i>A. E. Keen</i>	Oct., 1927
Wage Incentives. <i>R. Williams</i>	Jan., 1931
Wage Incentives. <i>G. W. Rice</i>	May, 1932
Wallpaper Manufacture, Costing in. <i>Claud Faux</i>	Aug., 1930
Wheat, the Cost of Producing	June, 1931
Workmen's Compensation Accident Fund Administration & Accounting <i>O. E. Sharpe</i>	Mar., 1932

THE CANADIAN SOCIETY OF COST ACCOUNTANTS & INDUSTRIAL ENGINEERS

MEMBERSHIP, JUNE 30, 1932

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Anderson, M. F., Dominion Rubber Co., Ltd., Montreal.
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Beauvais, J. E., C. G. A., Robert Mitchell Co., Ltd., Montreal.
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Benoist, J. P., 477 St. Francois Xavier St., Montreal.
Bernier, L. P., 2350 Sherbrooke St. East, Montreal.
Bhereur, H., Viau Biscuit Corp., Ltd., Montreal.
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Brown, N. W., 304 May Ave., Verdun, Que.
Buchanan, M. T., 4802 Papineau Ave., Montreal.
Burdon, J. A., Canadian Steel Foundries, Ltd., Montreal.
Buzzell, L. N., C.A., Clarkson, McDonald, Currie & Co., Montreal.
Cameron, J. S., Northern Electric Co., Ltd., Montreal.
Campbell, W. S., Montreal Lithographing Co., Ltd., Montreal.
Carpentier, J. E., C.P.A., 540 Canada Cement Bldg., Montreal.
Carswell, W., C. A., Northern Electric Co., Ltd., Montreal.
Cartlidge, F., 1640 Van Horne Avenue, Outremont, Que.
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Coleman, E. S., C.A., Beauharnois Light & Power Co., Montreal.
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Davies, E. W., Dominion Textile Co., Ltd., Montreal.
de Cotret, J. H. R., 103 Notre Dame Street, Three Rivers, Que.
Dempster, J., C.A., Sharp, Milne & Co., Montreal.
Desrochers, J. A., C.A., Frontenac Breweries, Ltd., Montreal.
de Tilly, A., Dominion Oilcloth & Linoleum Co., Ltd., Montreal.
Dobell, S. H., C. A., Clarkson, McDonald, Currie & Co., Montreal.
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Douglas, J. C., Frost & Wood Co., Ltd., Smiths Falls, Ont.
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Dufresne, P. E., 704 Bank of Nova Scotia Bldg., Montreal.
Dugal, B. A., Superintendent of Insurance, Quebec.
Egerton, R. P., C.A., The E. B. Eddy Co., Hull, Que.
Evans, J. G., International Fibre Board, Ltd., Gatineau, Que.
Farish, D. M., C.A., Northern Electric Co., Ltd., Montreal.
Farquharson, S., Farquharson, Goforth & Co., Montreal.
Ferne, F., Whittall Can Co., Ltd., Montreal.
Forbes, P. H., C.A., Wabasso Cotton Co., Ltd., Three Rivers, Que.
Fortescue, G., Miner Rubber Co., Ltd., Granby, Que.

Galipeau, L., Regent Knitting Mills, Ltd., Montreal.
 Giguere, A., Viau Biscuit Corp., Ltd., Montreal.
 Glass, H. F., Distillers Corp., Ltd., Montreal.
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 Grondin, L. J., 3825 Gertrude Street, Verdun, Que.
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 Heartz, R. E., Power Engineering Co., Ltd. Montreal.
 Hemming, H. K. S., B.A., C.P.A., 3436 Durocher Street, Montreal.
 Henderson, J. D., Caron Bros., Inc., Montreal.
 Heughan, Jas., Farquhar-Robertson, Ltd., Montreal.
 Hodgson, G. W., C.A., Canada Power & Paper Corp., Ltd., Montreal.
 Howell, W.M., Mount Royal Hotel, Ltd., Montreal.
 Hubert, P. J., J. W. Harris Mfg. Co., Ltd., Montreal.
 Hutchison, J., C.A., Riddell, Stead, Graham & Hutchison, Montreal.
 Johnson, R. R., Henry Birks & Son, Ltd., Montreal.
 Joubert, L., C.G.A., C.P.A., 34 Saint-Jacques Ouest, Montreal.
 Joubert, R., Dept. of National Revenue, Income Tax Division, Montreal.
 Kerrin, H. F., L.A., C.P.A., Edward C. Baker, Kerrin & Co., Montreal.
 Kidd, D. C., General Foods, Ltd., Montreal.
 King, F. J., 5199 Saranac Avenue, N.D.G., Montreal.
 Klein, H. R., Julius Kayser & Co., Ltd., Sherbrooke, Que.
 Knowles, C. N., C.A., Beauharnois Power Corp., Ltd., Montreal.
 Lanthier, A., Rolland Paper Co., Ltd., Mont Rolland, Que.
 Lefebvre, P. E., Robert Mitchell Co., Ltd., Montreal.
 Levy, A., Victor Talking Machine of Canada, Ltd., Montreal.
 Loisel, E. J., Canadian International Paper Co., Ltd., Montreal.
 Louthood, R. W., Beauharnois Power Corp., Ltd., Montreal.
 MacKenzie, G. I., Northern Electric Co., Ltd., Montreal.
 Maclean, J. K., Consolidated Equipment Co., Ltd., Montreal.
 MacVicar, C. B., Robert Mitchell Co., Ltd., Montreal.
 Madge, A. V., Crawley & McCracken Co., Ltd., Montreal.
 Marrison, W. H., Canadian Steel Foundries, Ltd., Montreal.
 Masse, J. H., Banque Canadienne Nationale, Montreal.
 Masterson, J. P., C.G.A., Canadian Alcohol Co., Ltd., Montreal.
 Miller, J. S., Gazette Printing Co., Ltd., Montreal.
 McDougall, H. J., C.A., Howard J. McDougall & Co., St. John's, Nfld.
 McIver, F. M., Canadian Car and Foundry Co., Ltd., Montreal.
 McKee, J. E., International Business Machines Co., Ltd., Montreal.
 McLean, F. S., Miner Rubber Co., Ltd., Granby, Que.
 Nellis, H. P., Dominion Rubber Co., Ltd., Montreal.
 Nicol, G., Amalgamated Electric Corp., Ltd., Montreal.
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 Patterson, R., Robert Mitchell Co., Ltd., Montreal.
 Patton, D. R., C.A., 521 Birks Bldg., Montreal.
 Peddie, D. B., Shawinigan Engineering Co., Ltd., Montreal.
 Peto, L. A., Canadian Car & Foundry Co., Ltd., Montreal.
 Pleau, P., General Motors of Canada, Ltd., Montreal.
 Pouliot, J. M., Legislative Bldgs., Quebec Que.
 Prefontaine, L., City Treasurer, Sherbrooke., Que.
 Racine, C. R., Charles E. Frosst & Co., Montreal.
 Renaud, V., 1848 St. Catherine Street West, Montreal.
 Rhodes, L., Consolidated Lithograph Mfg. Co., Ltd., Montreal.
 Roberts, F., Wabasso Cotton Co., Ltd., Three Rivers, Que.
 Robitaille, E. 266 St. James Street West, Montreal.
 Robitaille, E., 266 St. James Street West, Montreal.
 Rosevear, J. J., C.P.A., P. O., Box 2425, Montreal.
 Ross-Ross, D., Howard Smith Paper Mills, Ltd., Cornwall, Ont.
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 Schurman, R., C.A., R. Schurman & Co., Montreal.

Scott, G.W., C.A., P. S. Ross & Sons, Montreal.
 Senecal, R., R. Senecal & Co., Montreal.
 Seymour, P. F., C.A., Robert Wilson & Co., Montreal.
 Smith, R., Windsor Hotel, Ltd., Montreal.
 Smyth, T. I., David & Frere, Montreal.
 Sparks, H. McD., Northern Electric Co., Ltd., Montreal.
 Springings, C. W. R., Recording & Statistical Corp., Ltd., Montreal.
 Stephen, J. McL., James Richardson & Sons, Ltd., Montreal.
 Stevens, J. T., Bank of Montreal, Montreal.
 Sugars, Prof. R. M., School of Commerce, Montreal.
 Swayne, A. A. Steel Co. of Canada, Ltd., Montreal.
 Sweeney, S., Bovril, Ltd., Montreal.
 Thibault, P., Rolland Paper Co., Ltd., St. Jerome, Que.
 Thompson, Prof. R. R., M.C., V.D., A.C.A., C.A., McGill University.
 Montreal.
 Tremblay, C., Ayers, Ltd., Lachute Mills, Que.
 Whittaker, G., 1122 Beaver Hall Hill, Montreal.
 Wilson, F. G., 190 King Street East, St. John, N. B.
 Wright, P. W., Shawinigan Engineering Co., Ltd., Montreal.

TORONTO CHAPTER

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 Appleton, G., Toronto Hydro-Electric System, Toronto.
 Ashmore, M. L., C.A., Clarkson, Gordon, Dilworth, Guilfoyle & Nash,
 Toronto.
 Atkinson, W., Canadian Line Materials, Ltd., Scarboro Junction, Ont.
 Ausman, R. S. M., Gurney Foundry Co., Ltd., Toronto.
 Bairstow, E. J., M.C.I., Anaconda American Brass Co., Ltd., New
 Toronto.
 Beamish, B. D., Canadian Bank of Commerce, Toronto.
 Beatty, W. J., Beardmore Leathers, Ltd., Toronto.
 Beeston, G. H., V.D. Harbinson, Toronto.
 Bennett, E. J., F.C.A., Geo. A. Touche & Co., Toronto.
 Berney, J. P., Canadian Wirebound Boxes, Ltd., Toronto.
 Black, C. H., Dunlop Tire & Rubber Goods Co., Ltd., Toronto.
 Black, E. J., C. A., Welch, Campbell & Lawless, Toronto.
 Blum, Wm., Rogers-Majestic Corp., Ltd., Toronto.
 Bolton, T. H., Dunlop Tire & Rubber Goods Co., Ltd., Toronto.
 Bradshaw, M. A., C.A., Stiff Bros. & Sime, Toronto.
 Brickenden, W. T., Thorne, Mulholland, Howson & McPherson, Toronto.
 Bronsdon, H. H., The British American Oil Co., Ltd., Toronto.
 Brooks, F. E., Canadian National Carbon Co., Ltd., Toronto.
 Brown, H. O., W. R. Johnston & Co., Ltd., Toronto.
 Brownell, D. C., Exide Batteries of Canada, Ltd., Toronto.
 Bunt, H. E., Lever Bros., Ltd., Toronto.
 Burdett, R. A., 85 Bromley Road, Shortlands, Kent, England.
 Burpee, H. F., C.A., 28 Wellington St. East, Toronto.
 Carpenter, E. W., Consolidated Industries, Ltd., Toronto.
 Carruthers, J. E., Dominion Motors of Canada, Ltd., Toronto.
 Christie, D. T., Business Systems, Ltd., Toronto.
 Clark, A., L.A., Clark & Co., Toronto.
 Clarke, J., C.A., Clarke, Houston & Co., Toronto.
 Cleminson, F. G., The Bank of Toronto, Toronto.
 Copeman, N. C., Imperial Oil Ltd., Toronto.
 Cossar, G. F., C.G.A., A. R. Clarke & Co., Ltd., Toronto.
 Daly, G. W., Canadian Locomotive Co., Ltd., Kingston, Ont.
 Dean, C. D., Imperial Oil, Ltd., Toronto.
 Dilworth, R. J., F.C.A., Clarkson, Gordon, Dilworth, Guilfoyle & Nash,
 Toronto.

Dingle, G.R.M., Massey-Harris Co., Ltd., Toronto.
 Dunlop, G. G. Armadale Corp. Ltd., Toronto.
 Dunlop, J. A., Gutta Percha & Rubber, Ltd., Toronto.
 Durant, N. M., R. K. O. Distributing Corp. of Canada, Ltd., Toronto.
 Eddis, C. S., F.C.A., W. C. Eddis & Sons, Toronto.
 Edwards, H. P., F.C.A., Edwards, Morgan & Co., Toronto.
 Eells, J. E., Exide Batteries of Canada, Ltd., Toronto.
 Elliott, J., T. Eaton Co., Ltd., Toronto.
 English, J. J., C.A., Clarkson, Gordon, Dilworth, Guilfoyle & Nash,
 Toronto.
 Faux, C., Staunton's Ltd., Toronto.
 Ferguson, W. S., C.A., Seburn, Ferguson & Baker, Toronto.
 Field, A., International Petroleum Co., Ltd., Toronto.
 Flynn, J., Oscar Hudson & Co., Toronto.
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 Toronto.
 Glover, H., C.A., Henry Glover & Co., Toronto.
 Goudey, J. E., Colgate, Palmolive, Peet Co., Ltd., Toronto.
 Grant, J. A., M. Langmuir Mfg. Co. of Toronto Ltd., Toronto.
 Grant, R. R., C.A., Grant, Godfrey & Co., Toronto.
 Guilfoyle, H. E., F.C.A., Clarkson, Gordon, Dilworth, Guilfoyle & Nash,
 Toronto.
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 Hamlin, E. L. B., The T. Eaton Co., Ltd., Toronto.
 Hand, G. H., Maple Leaf Milling Co., Ltd., Toronto.
 Harcombe, F. J., Dunlop Tire & Rubber Goods Co., Ltd., Toronto.
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 Williams, S. A., Dominion Wheel & Foundries Ltd., Toronto.
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 Caskie, D. R., Firestone Tire & Rubber Co. of Canada, Ltd., Hamilton.
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 Fleming, G. S., Hamilton Bridge Co., Ltd., Hamilton.
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 Richmond, G. H., Jr., International Silver Co. of Canada, Ltd.
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 Scott, C. S., F.C.A., C. S. Scott & Co., Hamilton.
 Smith, C., Hamilton Bridge Co., Ltd., Hamilton.
 Smith, G. E. F., C.A., Richardson, Smith, Ferrie & Co., Hamilton.
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 Stott, S., International Silver Co., Ltd., Hamilton.
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 Watson, R. A., N. Slater Co., Ltd., Hamilton.
 Wigle, C. E., Howell Lithographing Co., Ltd., Hamilton.
 Woolley, A. C., General Motors Truck & Coach of Canada, Ltd.,
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 Yardley, A. G., Hoover Co., Ltd., Hamilton.

CENTRAL ONTARIO CHAPTER

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 Creelman, T. W., International Petroleum Co. Ltd., Sarnia.
 Dorschell, C. R., Babcock-Wilcox & Goldie-McCulloch, Ltd., Guelph.
 Kitchener.
 Earnshaw, G., Guelph Carpet & Worsted Spinning Mills, Ltd.,
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 Evans, J. W., Canadian Industries, Ltd., Windsor.
 FitzGerald, A. S., C.A., Arthur FitzGerald & Co., Windsor.
 Good, G. R., Kaufman Rubber Co., Ltd., Kitchener.
 Griggs, B. F., C.A., Guelph Carpet & Worsted Spinning Mills, Ltd.,
 Guelph.
 Heimrich, C. J., L.A., Cluett, Peabody & Co. of Canada, Ltd.,
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 Huber, H. D., Canadian Blower & Forge Co., Ltd., Kitchener.
 Jardine, W. L., Clare Bros. & Co., Ltd., Preston.
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 Miller, E. J., Globe Furniture Co., Ltd., Waterloo.
 McNamara, T. F., Imperial Oil Co., Ltd., Sarnia.
 Osborne, J. E., Canada Ingot Iron Co., Ltd., Guelph.
 Scott, E. R., Babcock-Wilcox & Goldie-McCulloch, Ltd., Galt.
 Tailby, E., I.P.A., Canadian Bank of Commerce Chambers, Kitchener.
 Taylor, C. B., Canadian General Rubber Co., Ltd., Galt.
 Weber, I. K., Kaufman Rubber Co., Ltd., Kitchener.
 Weir, T., C.A., Clarkson, Gordon, Dilworth, Guilfoyle & Nash,
 Windsor.

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 Angus, W. C., C.A., Success Business College, Ltd., Winnipeg.
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 Burleigh, E. J., Manitoba Rolling Mills, Ltd., Winnipeg.
 Elliott, G. H., Carter-Halls-Aldinger Co., Ltd., Winnipeg.
 Gilbert, F. C., C.A., Gilbert & Laird, Winnipeg.
 Harvey, F. M., C.A., Harvey & Morrison, Calgary.
 Hillier, R., Mid-West Paper Sales, Ltd., Winnipeg.
 Hodson, D. C., Dominion Bridge Co., Ltd., Winnipeg.
 Howard, H. E., C.A., Grain Exchange Bldg., Calgary.
 Killeen, L. L., Ruddy-Koester Co., Ltd., Winnipeg.
 Laird, W. C., C.A., Gilbert & Laird, Winnipeg.
 Ligertwood, J.C.M., C.A., Peat, Marwick, Mitchell & Co., Winnipeg.

Lofthouse, D. S., C.A., Success Business College, Ltd., Winnipeg.
 MacDonald, W. J., C.A., MacDonald, McVey & Co., Winnipeg.
 McVey, W. W., C.A., MacDonald, McVey & Co., Winnipeg.
 Milne, S. M., Rankin, Saul & Thornton, Winnipeg.
 Morden, H. J., C.A., Oscar, Hudson & Co., Winnipeg.
 Mundell, W. J., C.A., Ogilvie Flour Mills Co., Winnipeg.
 Mundie, J. G., C.A., Riddell, Stead, Graham & Hutchison, Winnipeg.
 Nicholl, C. W., C.A., Dunwoody, Nicholl & Co., Winnipeg.
 Parton, J., C.A., George A. Touche & Co., Winnipeg.
 Pildrem, A. S., Canada Bread Co., Ltd., Winnipeg.
 Portigal, S. A., Geo. Loos & Co., Winnipeg.
 Saul, T. E., C.A., Dunwoody, Nicholl, Saul & Co., Winnipeg.
 Sheppard, G. H., International Business Machines Co., Ltd. Winnipeg.
 Sutherland, J. B., C.A., Geo. A. Teuche & Co., Winnipeg.
 Thomson, E. D. C., C.A., Geo. A. Touche & Co., Edmonton.
 Warnock, E. A., North Star Oil, Ltd., Winnipeg.
 White, H. F., Dominion Bridge Co., Ltd., Winnipeg.

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 Campbell, H. D., C.A., 808-812 Standard Bank Bldg., Vancouver.
 Cox, H. V., Canadian Westinghouse Co., Ltd., Vancouver.
 Davis, C. H., Pratt's Barbers' Supplies Ltd., Vancouver.
 Dull, J. Stavley, Canadian Westinghouse Co., Ltd., Vancouver.
 Faulkner, F. B., The Granby Consolidated Mining Smelting & Power Co., Anyox.
 Girling, R. C., Dominion Cannery, B.C., Ltd., Vancouver.
 Giske, E. H., C.A., Stock Exchange Bldg., Vancouver.
 Gostling, G. S. N., Western Sales Book Co., Ltd., Vancouver.
 Grant, A., Ramsay Bros. & Co., Ltd., Vancouver.
 Griffiths, W., C.A., P.O. Box 327, New Westminster, B.C.
 Harper, G. B., Bulman Bros. & B.C. Lithographing & Printing Ltd., Vancouver.
 Harvey, J., C.A., Harvey, Chidwick & Co., Vancouver.
 Hayward, F. H., Canada Roof Products, Ltd., Vancouver.
 Hinton, H. G., C.A., Geo. A. Touche & Co., Victoria, B.C.
 Kirkby, R. V., Associated Dairies, Ltd., Vancouver.
 Larson, F. T., Granby Consolidated Mining & Smelting Co., Ltd., Anyox, B. C.
 McGlashan, G. S., B.C. Sugar Refining Co., Ltd., Vancouver.
 Plommer, J. J., C.A., Shaw, Salter & Plommer, Vancouver.
 Robertson, R. T., Remington Typewriters, Ltd., Vancouver.
 Terry, N., Canadian Summer Iron Works, Ltd., Vancouver.
 Watson, H. J., Welch & Welch, Ltd., Vancouver.
 Willis, M., Union Oil Co. of Canada, Ltd., Vancouver.

COST *and* MANAGEMENT

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COST LITERATURE

RECEIVED IN DECEMBER

STANDARD Cost System for a Cotton Mill. E. G. Field, National Association of Cost Accountants Bulletin, December 1, 1931.

Machine Accounting Application to Receivables. P. J. Mayle. National Association of Cost Accountants Bulletin, December 1, 1931.

Application of Equipment For Accounts Payable Control and Department Distribution. J. F. Horn, C.P.A. National Association of Cost Accountants Bulletin, December 1, 1931.

Power Cost Accounts. J. Whitmore. Part III Journal of Accountancy, December, 1931.

Cinema Accounting and The Compilation of Interim Trading Results. R. Lorimer Weir, C.A. Accountants' Magazine, December, 1931.

Control and Application of Overhead Expenses During Trade Depression. J. R. Blyth, F.C.W.A., A.S.A.A. Cost Accountant, December, 1931.

Preparation of Consolidated Balance Sheets—The Month's Proposition. American Accountant, December, 1931.

Reconstructions, Amalgamations and Mergers. L. H. Heslop, B.Com., A.R.A.N.Z. Accountants' Journal, Part I, October 20, 1931; Part II, November 20, 1931.

Purchasing and Its Relation to Stock Control. R. A. Davison. Accountants' Journal, October 20, 1931.

Balance Sheet Standards. E. L. Kohler. Certified Public Accountant, December, 1931.

NEW MEMBERS

The following are new members of the Society:

Montreal Chapter

Springs, C. W., Recording and Statistical Corporation, Ltd., Montreal.
Senecal, R., Ren Senecal & Co., Montreal.

Toronto Chapter

Appleton, G., Toronto Hydro Electric System, Toronto.
Dingle, G. R. M., Massey-Harris Co., Ltd., Toronto.
Hill, W. A., Willards' Chocolates Ltd., Toronto.
Hutton, P., Canada Dry Ginger Ale, Ltd., Toronto.
Landell, C. D., Canada Dry Ginger Ale, Ltd., Toronto.
Letheren, B. C., Willard Storage Battery of Canada, Ltd., Toronto.
Livingston, C. H., W. J. Gage & Co., Ltd., Toronto.
Metcalf, R. H., Massey-Harris Co., Ltd., Toronto.
Soutar, A. F., C.A., Toronto Carpet Mfg. Co., Ltd., Toronto.
Stewart, R. A., Wickett and Craig, Ltd., Toronto.

Central Ontario Chapter

Evans, J. W., Canadian Industries, Ltd., Windsor.

THE TREND OF PRODUCTION COSTS

The Trend of Production Costs

THE Dominion Bureau of Statistics index number of commodity prices, with 1926 as the base point, rose fractionally from 70.4 in October to 70.6 in November. The main groups compare as follows:

	Nov. 1930	Oct. 1931	Nov. 1931
Foods, beverages and tobacco.....	83.9	67.3	66.1
Other consumers' goods.....	84.9	79.9	79.8
All consumers' goods.....	84.5	74.9	74.3
Producers' equipment.....	90.9	89.3	89.2
Building and construction materials.....	85.7	80.6	79.9
Manufacturers' materials.....	68.2	59.6	62.2
All producers' materials.....	71.4	63.4	65.4
All producers' goods.....	73.4	66.0	67.8
All commodities.....	79.5	70.4	70.6

The most important reductions in November were in the following: Fresh domestic fruits, fresh foreign fruits, vegetables, meats, poultry, knit goods, scrap iron and asbestos. The most important advances were in the following: Dried fruits, flour and milled products, vegetable oils, silk thread and yarn, lead and its products, silver, zinc, zinc products and sulphur.

Budgetary Control

By E. S. LaRose

(Assistant Controller, Bausch & Lomb Optical Company, Rochester, N.Y.)

(An address before a joint meeting of the Institute of Chartered Accountants of Ontario, and Toronto Chapter of The Canadian Society of Cost Accountants & Industrial Engineers, October 2, 1931.)

THE basic principles of business should practically apply in almost every case. However, in order to attempt to prevent you from going out of this room tonight and saying that on account of complications, different conditions, and other reasons, you cannot apply to your business what I am about to say, I would like to take a few minutes in telling you a little about the set-up and the experience of the company with which I am connected.

The company had its inception in 1853 and manufactures optical glass, mountings and lenses, eye glass and spectacle

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frames, opthalmic and scientific instruments, military instruments, such as range finders, periscopes, and binoculars, and many other products, which, in all, present a very wide and varied scope of problems.

The last of the first generation to participate in the operation of the business was Mr. J. J. Bausch, who died on February 14, 1926, at the age of ninety-six. The second generation, now between the ages of seventy and eighty, are still strong and active officers but gave over the actual operation of the business to the third generation in 1925.

Prior to the war, the company operated very successfully on a normal basis. They then enjoyed a greater or unusual volume and earnings during the war period, as a result of being immediately forced by the Allied and United States governments to enter into meeting the needs for the army and navy. Their products were virtually the eyes of the army and navy but the capacity of the company's facilities was entirely too small. First, they were confronted with only a two years' supply of imported optical glass, on hand in 1914. Immediately, both the United States government and the company co-ordinated on a night and day basis in making every effort towards the development of optical glass-making. Clay pot making, glass and glass pressing plants were constructed and today the company is the only optical manufacturer in the United States which produces optical glass. Second, in order to have immediate priority on instrument castings, a foundry was also constructed. Third, in order to increase operating facilities, an entire additional city block was acquired. This area contained approximately thirty-two dwellings which were removed to allow the construction of modern industrial buildings to house additional manufacturing equipment and facilities.

As a result of meeting the war demands, which practically absorbed the complete use of the optical facilities, the company then faced a tremendously large or excess capacity burden for post-war operation. Also, during the war, additional competition had set in, which heretofore had been practically negligible. Although war contracts continued and aided operation through 1920, the operations of the business thereafter, or from 1920 through 1926, caused a serious problem.

BUDGETARY CONTROL

When the younger or third generation were officially given the operating reins of the business in 1925, they immediately realized that the adoption of modern methods of control were vitally essential if the post-war business was to be carried on profitably. In 1926 a thorough study was made of the capacity of the facilities, and their various uses, for the purpose of determining the necessary volume required to break even. It might be mentioned that there are today many managers in industry who continue to operate in the dark without knowing their "break-even" point. This study clearly indicated that a volume, much beyond the company's normal sales, which had been on an almost level line for six years (1921 through 1926), was necessary. It also showed that the company should rent one of its large buildings, 200' x 200', six floors, even though such a move might possibly hurt its pride. Again, and most outstanding, was the need for modern controls and goals for sales, costs, expenses and other items which finally determine and gauge the results of performance or net profit.

The building was rented. In the month of December, 1926, a complete sales analysis layout was made to be adapted to tabulating machines, which were put into operation in January, 1927. This sales layout covered sales by class of product, in both dollars and units, by states, by district, by customer, by trades and many other classifications which will be referred to later.

Before continuing, I think it would be well to tell you that, in our own case, we removed the Sales Research and Sales Statistical Divisions from the Sales Department to the Controller's Division. Upon completion of the tabulated facts in the Tabulating Department, they were then thoroughly interpreted by the Sales Research Department and finally handed to the Sales Department on a platter and in a well interpreted basis. This change gave our Sales Department their full time for selling and has worked very successfully. Incidentally, the centralization and moving of the Sales Research and Statistical Departments reduced the expenses of those departments by approximately sixty per cent.

Budgetary Control System Introduced

It was then decided that, in order to operate the plant and facilities both successfully and in a well-balanced man-

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ner, the management should create, adopt and use a master budgetary control system to cover the entire business. It is believed that there probably has been no phase of business organization and management, which has offered greater possibilities of control and operation than the introduction and use of budgetary control. The rapidly changing business conditions of today necessitate the use of scientifically prepared forecasts, and the nearest approximation to this medium or ideal is probably the budget.

In the development of a budget plan, it is not a case of simply waving a wand and, "bingo", the system is in. It takes a lot of time, planning and effort to make it successful.

As an example, it might be mentioned that it took the government over twelve years to get going on a budget plan. The government has a relatively easier task because they practically budget revenues to meet expenditures, while we, in industry, budget expenditures to meet revenues. The government started their budget task in December, 1909, when President Taft appropriated \$100,000 for a commission to investigate the advantages or disadvantages of a budget system. In September, 1910, the commission was appointed and in June, 1912, they reported a need for a national budget. Then, in June, 1913, the commission went out of existence because the system was pigeon-holed by Congress who did not want to be checked.

In 1916, the platforms of all parties recommended a budget, due to the demand of the public. In 1921, the budget became a law and on December 5, 1921, the budget was sent to Congress by President Harding for the fiscal year ended June 30, 1923. Twelve years to get under way!

Industry followed in 1920 as they were no doubt confronted with post-war disaster and began to realize that they needed something better in the way of controls. They did not want ancient history but they wanted some predetermined facts and goals to shoot at. So industry began to replace the historical records with standards and then followed by using all of those standards in the development of a budget system.

Fertile Field for Accountants

One of the books published by the National Industrial Conference Board in March of this year, "Budgetary Con-

BUDGETARY CONTROL

trol in Manufacturing,"* did not exactly tell you how to set up a budget, but it did give the results of a year's research, covering the various adoptions and uses of a budget by 298 corporations listed by the census bureau as having a volume in excess of \$100,000,000. There were only 162 out of these 298 corporations which used any part of a budget control, such as for sales, production and expenses. Out of these 162, there were only thirty-three of such corporations in the United States who have adopted and used a complete budget system. Therefore, it is evident that a very fertile field remains for the development of budgets.

More important to accountants is the fact that, out of the ninety-three men listed, in this report, as being responsible for the budgets, fifty-nine or 63.5 per cent were controllers and seven were presidents. Therefore, the job is open to you. It is up to you to train yourself to take this opportunity and become the super-controllers in industry. When you work your way into it, you will find that there is no finer or better way of getting closer to the management than with your budget system. You will find that they will be calling you continually to assist in guiding them. Consequently, at least half of your time will be in the offices and with the executives of your company.

Purpose of a Budget

I do not believe that the budget is management itself. It is merely a most valuable contributing tool for management's use which must be superimposed by good management. It is evident that good management was applied with the budget in our business, for the reason that the level six year line of sales showed a sudden upward turn or an increase of approximately fifty per cent during a three-year period, 1927 through 1929. Profits were made in 1927 and subsequently doubled and quadrupled, 1930 being the best year we ever had, with the exception of 1929.

This evening, rather than give you a general or theoretical talk, an attempt will be made to tell you in an extemporaneous manner and as practically as possible, how we actually adopted a budget plan in 1927 and how, in a gradual manner, a complete master budget system has been developed and used.

Our problem, in developing both the sales and produc-

*"Budgetary Control in Manufacturing"—National Industrial Conference Board, New York, 1931.

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tion budgets, not only in dollars but particularly by units, was rather an unusual and severe one, on account of the terrific variety of line of product. Not only myself, but particularly a great many other professional men who have been in our plant, including our auditors who are nationally and internationally known, have said that our inventory was one of the most comprehensive inventories of varieties that they had ever seen.

When it is realized that in the budgeting of sales, production and standard seasonal inventories of eyeglass lenses, we are dealing with a daily moving product consisting of over 40,000 varieties, and that in the manufacture of eyeglass frames, one frame can be made into one million combinations consisting of bridge styles, size, height and width; eye size; temple styles, ends and length; color, quality and weight of gold, and that each item in the varied instrument line contains many detailed assembled parts, such as a medical microscope which has 300 parts and requires 3,250 distinct operations for its completion, and that in the building of military instruments, such as range finders, a time of some one to three years manufacturing period is involved, it is thoroughly believed that our control of both sales and production by units is unusual.

Also, the sales of practically all of the company's products have their own characteristic seasonal variations, which in some cases are extreme. In view of this seasonal sales condition, one of the outstanding problems of the company, to include and control by a budget plan, was that of attempting to stabilize production throughout the entire year in order to maintain or give constant employment to about three thousand employees. It was realized that stabilization of labor could only be accomplished through definite predetermined forecasts and planning. It might be mentioned that in reaching such a goal or obtaining stabilization, it was necessary for the company to augment its line through new products, invest in increased inventories in low seasons to be sold when peak seasons arrive, and, to carefully estimate its standard of labor performance.

For the purpose of cost and profit control, the entire variety of our products are segregated and classified into nineteen main product divisions. Nineteen monthly profit and loss statements are obtained to cover each one of these

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product divisions exclusive of the consolidated profit and loss statement, all of which are completed prior to the tenth of the month. It might also be mentioned that we segregate and create a monthly profit and loss statement for our foreign business by class of product.

When we started our budget we did not attempt to adopt any cut and dried system but did attempt to co-ordinate and use certain definite basic principles. At first our schedule of budget procedure was rather simple. However, it has now extended itself to at least twenty essential points, which I have attempted to summarize below under the heading "Highlights of Budgetary Procedure."

Highlights of Budgetary Procedure

The facts which are essential for the proper preparation and resulting co-ordination of a budget plan, may be summarized as follows:

1. Study your normal business growth, using average monthly and secular trends.
2. Forecast general economic conditions a year in advance.
3. Find the deviation between your business and general business conditions.
4. Temper your growth, if necessary, with general business conditions.
5. Use a profitgraph to determine whether proposed or adjusted volume will create earnings desired.
6. Know your potential market by product, by district, by trading area.
7. Eliminate waste in distribution by concentration on profitable areas and products.
8. Beat depression by new products, advertising and increasing your goals in areas where potential is under-absorbed.
9. Know your seasonal trend of sales by products.
10. Develop a sales budget in both units and dollars by class of product, by month, by district, by trading area, by branch, by salesmen, by customer.
11. Develop a stabilized production plan by units, tempered by stock condition maintained to keep within sales estimates, so that labor may be employed constantly throughout the entire year.

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12. Study capacity absorption and consequent overhead. Many times, knowledge of under absorbed overhead will cause a company to produce standard items for stock rather than suffer losses.
13. Forecast inventory increase or decrease from month to month on an annual basis, at all times attempting to set goals which will result in an increased turnover of both process and finished stock.
14. Establish standards of labor, tempered by most recent performance.
15. Carefully gauge materials, specifications, requirements, and purchases.
16. Control overhead in accordance with volume, segregated between fixed charges, staff required to maintain organization, semi-variables and variables.
17. Apply selling and advertising expenses, as nearly as possible, to gross profit available in each class of product in order to maintain the pre-determined goal of net profit.
18. Break down the profit and loss statement to product groups in order to find and study items possibly causing losses, indicating the percentage of loss, the percentage contribution to total sales, and the percentage loss to total profit.
19. Prepare a cash budget in order to make provision of funds to meet prospective sales and production programs.
20. Provide for methods for checking, for flexibility and for revising standards according to performance.

Therefore, if you will bear with me, I hope to give you, in as complete and practical a manner as possible, the analysis and set-up involved for each point of budgetary procedure.

Pictures are known to convey messages in both a speedy and intelligent manner. For your benefit, a series of budget procedure charts and forms, which have been adapted to our set-up, will be presented by slides on the screen. Our original charts have been re-drawn on a mythical basis, because it is not possible to disclose the figures of our company, which is a close corporation. However, I am sure that the deviation base of one, two, three, four, etc., which

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has been used in many instances, can be readily converted by you into 10,000, 100,000, 1,000,000 or any volume you desire.

Trend of Sales

Figure one is used for studying the trend of monthly sales, monthly average sales, and the secular trend of growth. The line which breaks monthly indicates the total monthly sales and also a characteristic seasonal spring rise and a fall peak. Seasonal sales are caused by various reasons. In our case, we found, for instance, in the sale of lenses, that, inasmuch as the days become shorter and consequently duller in the fall, people find a need for glasses or for a change in their present glasses. Again, in the spring, when the days become longer and brighter, their eyes might again need attention although the spring season is not as great as the fall.

The line which breaks yearly shows the monthly average sales per year.

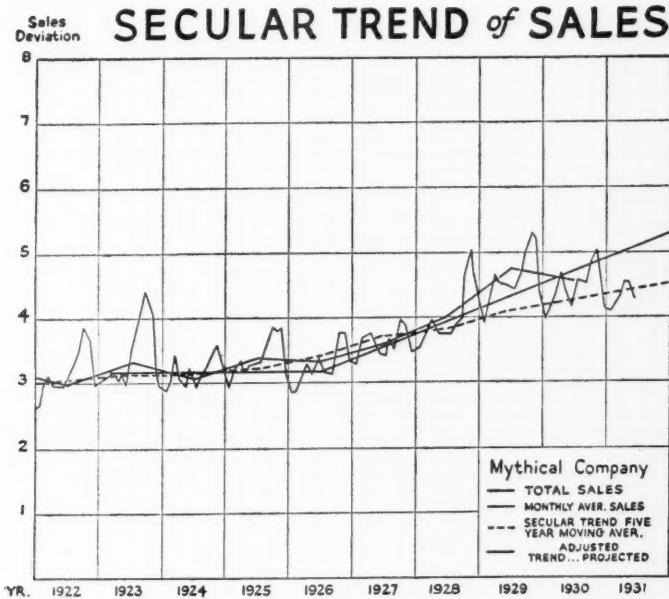


Figure 1

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The secular trend or dotted line is the result of a five-year computed moving average. For instance, in the development of the secular trend of growth, you remove the sales figure for January of 1925 and add January of 1930, then remove February of 1925 and add February of 1930. The secular trend shows that the volume of the particular business being shown, was running along a level line through 1926 without any tendency of growth. You will later see where this steady volume of sales was insufficient to fully utilize the plant capacity and to make profits.

An adjusted secular trend of growth is indicated by the solid straight line above the dotted line. That is, the business picked up and turned so rapidly in 1927, 1928 and 1929, as shown by the mythical figures, that an adjustment to the projected trend of growth became necessary.

This chart is what we use for the presentation to our management of a picture of the past and possible future trends. For instance, on or about September 1, 1930, our general manager used such a chart for determining what his normal trend of growth should be for the budget of 1931. I would also qualify this statement by saying that our management is now planning three years in advance, although in September, of the year previous, they arrive at their *exact* goal for the following year.

There is probably not a business manager in the country who wants to stand still or fail to get his share in the growth of his particular line or of general business. You no doubt know, for instance, that the National Cash Register Company enjoyed a record of an average of ten per cent increase per year or 100 per cent average increase every ten years for fifty years. That, I believe, is an enviable record.

The management first takes the median or half year point, from the monthly projected secular trend of growth for the following year, and multiplies it by twelve. We will assume that that medium monthly point was approximately five (as shown by the chart) and when multiplied by twelve, told them, for instance, that the business for 1931 should be six hundred thousand, six million, sixty million or whatever you may care to use for yourself as the value of the deviation figure as shown on the side of the chart.

However, upon arriving at the desired growth or goal, there are other factors which enter into the picture. In

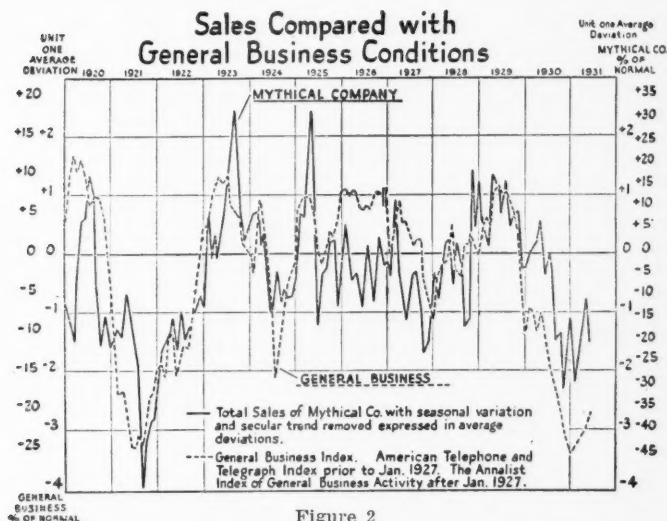
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this particular year, 1931, there were business conditions to be contended with which might cause volume adjustment or curtailment. Therefore, it now becomes necessary to temper the normal growth to business conditions. An attempt will be made to show you, in chart form, how we compare our business with general business conditions.

Sales Compared with General Business Conditions

The solid line on figure two shows you the sales of the mythical company with seasonal variation and secular trend removed, expressed in average deviations. The general business index, as shown by the dotted line, is represented by the American Telephone and Telegraph index prior to January, 1927, and the Annalist index of general business activity after January, 1927.

The point which I wish to bring out here is the fact that this study proved to us that our business varied considerably, in deviation with general business. The curves show that, when business was low our business was lower and when business was good our business was higher. That condition indicates a tendency towards what is characterized as a luxury line of product. That is, people buy more than they need in good times and less than they need in



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poor times. You all know what happened to the powder and perfume industry last year.

In using this chart, you will note that the low point of general business was in January, 1931, when it hit approximately twenty-five per cent below normal. Following the low in January, you will note a steady upward turn although, when I left Rochester, we were rather upset about the fact that the weekly line showed a tendency towards a drop in May. That is, we feel that we cannot wait until the monthly figures of general business are available and therefore try to get them out weekly.

Upon completing the study of the deviation of our business from general business conditions, we found that we were able to use an average deviation. That is, when business would be twenty per cent under normal, our business might possibly be thirty-five per cent under normal, and when business was fifteen per cent above normal, our busi-

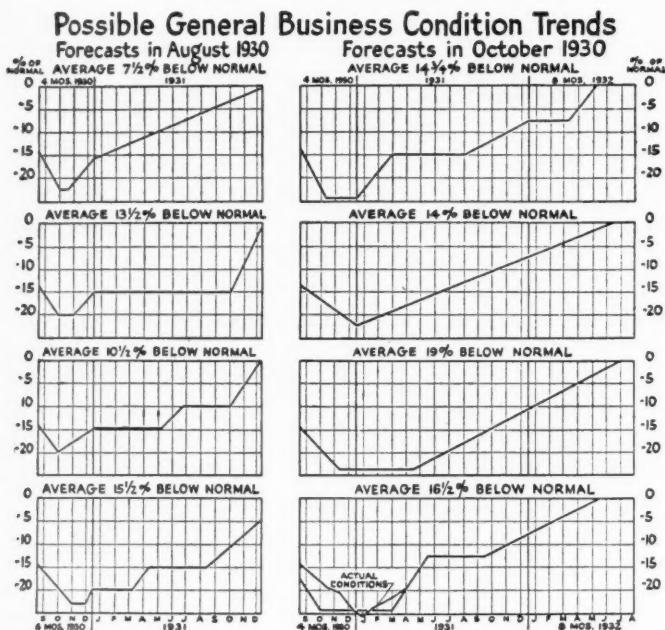


Figure 3

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ness might be twenty-five per cent above normal. Therefore, with a forecast of your possible business, on the basis of your trend of growth, and with a forecast of general business conditions, you are then able to use the computed deviation figure in order to determine the effect of general business, which will be next explained.

However, before leaving this general business condition chart, I would like to tell you about one of the outstanding items which occurred in the preparation of our 1930 budget. We had started the work of preparing our 1930 budget in September of 1929 and you will no doubt all very well recall the break that followed in October of 1929. We had forecast a drop in general business for 1930, and had completed the sales, cost of sales and gross profit budget for 1930, when the October, 1929 break occurred, which was greater than anticipated. However, we went to the management and stated our belief that the forecast reduced cost of sales and consequent increase in gross profit should be used, for the first time in our history, as an appropriation for doubling our advertising expenditure, thereby combating the break in general business.

We doubled our advertising expenditure budget. While our business had practically gone up or down or nested with the general business curve, it did not drop in 1929 and kept right on going until approximately September, 1930 or for about one year following the start of the depression. Incidentally, our courage was strong enough to pay us good rewards. Ordinarily, we should have gone down farther than the general business condition break of approximately twenty-five per cent. However, while business continued to drop steadily beyond September, 1930, we were again able to hold our own at this point of break, September, 1930, and since that time we have been steadily pulling ourselves back again.

This example has been given to you for the reason that it is believed to be a very good picture of what forecasting and budgeting did for us, having, as we did, the statement of business conditions and a forecast of those conditions with which we were going to be confronted.

Possible General Business Conditions Trends

In preparing our 1931 budget, we attempted to get business condition forecasts from sources all over the coun-

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try but they all varied considerably. Figure three shows how we attempted to handle the situation.

In September of 1930, a large majority were forecasting that business would be back to normal at the end of 1931. Everyone had different ideas as to how it would come back. Some said steadily, others abruptly and others on a varied line, while others, who were wise, would say nothing. On the left of the chart are plotted the various opinions as to how it would reach normal at the end of 1931.

Each forecast was measured and if the condition prevailed, as shown in the lower frame on the left side, we would know that the average business for the year would be 15.5 per cent below normal. As shown in the next frame above, it would be 10.5 per cent, and so on.

However, you all know that shortly after September, 1930, practically all of these nationally known opinions were changed and forecasts were then made that business would not reach normal until the middle of 1932. These forecasts in the frames at the right side of the chart indicate the opinions of the trend of "come-back" to the middle of 1932. The forecast in the lower right hand frame happens to be that of my own judgment which indicated that business would average 16.5 per cent below normal for the year of 1931. While we have not hit it as accurately as we might, you can readily observe, from the "actual conditions" line, how we are hitting it so far.

Our management then applied the forecast of general business conditions of 16.5 per cent below normal for 1931, to our 1931 projected trend of growth and then made an adjustment for our deviation with general business conditions. Our condition had shown an improved deviation for both the years of 1929 and 1930. As an example, the normal growth of your business might have been indicated to be a volume of \$20,000,000 for 1931. Adjusting this normal growth by the 16.5 per cent break in general business, a volume of \$16,700,000 would be indicated and subsequently adjusted to perhaps \$16,000,000 by deviation provision.

However, in our own case, our management found that they could not take the full business condition break. There-

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fore, it would be necessary for them to beat some of this business depression with new products and increased sales effort, or re-allocated sales effort in accordance with the potential market or buying power studies of the various districts and trading areas throughout the country. Our management was aware that they could not take this break, on the basis of the data which will be presented to you on the next chart.

However, before referring to this next chart, I would like to call your attention to the fact that on account of general business being forecast to come back at an angle, or for instance, from twenty-five per cent below normal in January 1931 to ten per cent below normal in December 1931, the standard seasonal monthly trend of sales should possibly be tilted. That is, in the early months of the year, if you were formerly getting six per cent of your annual business in January, seven per cent in March and eight per cent in April, you would tilt this seasonal trend according to the way business was coming back. You would then find that perhaps you were only going to get four or five per cent in January and March, respectively, instead of six or seven per cent, in the early months of the year. In accordance with this adjustment, you would then increase your per cent. seasonal absorption in the fall from perhaps twelve per cent. of your total in October to fourteen per cent. when business would be better than your average, on account of the angular trend of come-back.

While this analysis of tilting the standard seasonal monthly trend of the sales goal is rather theoretical, there is no question but that it is rather true. However, we did not want to tilt our monthly sales budget, as we believed it would give our salesmen a relatively easier task in the early part of the year and a much harder task in the latter months of the year. We were anxious to get all the business possible and not fail by having lowered seasonal goals in the early months of the year. However, we prepare a separate, single sheet report of our volume for the general manager, indicating our business performance related to general business conditions, giving the seasonal tilted effect to this report.

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An example of this report would be as follows:

FIRST FIVE MONTHS—JANUARY THROUGH MAY 1931 ACCUMULATED

	Bausch & General Lomb (Inc. Business Deviation)		\$ Below	\$ Sales
(Normal Volume for 1931—\$20,000,000)				
Standard Sales Absorption Jan. through May, 38.0%	7,600,000
<i>Adverse Factors</i>				
1. Budget Allowance (Year)	— 7.5	— 12.0	—912,000	6,688,000 (Budget 1st 5 Months)
2. Non-Tilted Seasonal All.	— 5.0	— 8.0	—608,000	
Total Adj. Inc. Tilting	—12.5	—20.0	—1,520,000	6,080,000 Budget-Tilted (1st 5 Mos.)
<hr/>				
3. Further Decline since October, 1930	—11.6	—18.5	—1,406,000	
<i>Grand Total Effect</i>	—24.1	—38.5	—2,926,000	4,674,000
<hr/>				
4. Management Counteracted No. 3, Further Decline by				
	Actual Sales			6,061,800
	Budget Tilted			6,080,000
				<hr/>
Sales Within	—	.3		— 18,200
Further Decline				+1,406,000
Results of Sales Effort,				<hr/>
New Product, etc. Net Gain				1,387,800

The tilted effect is not used whatsoever in our budget and is merely statistical information for the manager. It might be mentioned here that, at the end of five months, our 1931 sales were within three tenths of one per cent of the budget, adjusted by the tilted allowance. Therefore, practically the entire further decline, since October 1930, was beaten, and that decline amounted to "sump'n", as Andy would say.

The Profitgraph

The reason that our management did not set their goal in accordance with business conditions, which were estimated to show an average of 16.5 per cent below normal for 1931, is because they were looking at the profitgraph,

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PROFIT-GRAPH Covering Sales & Profit Course

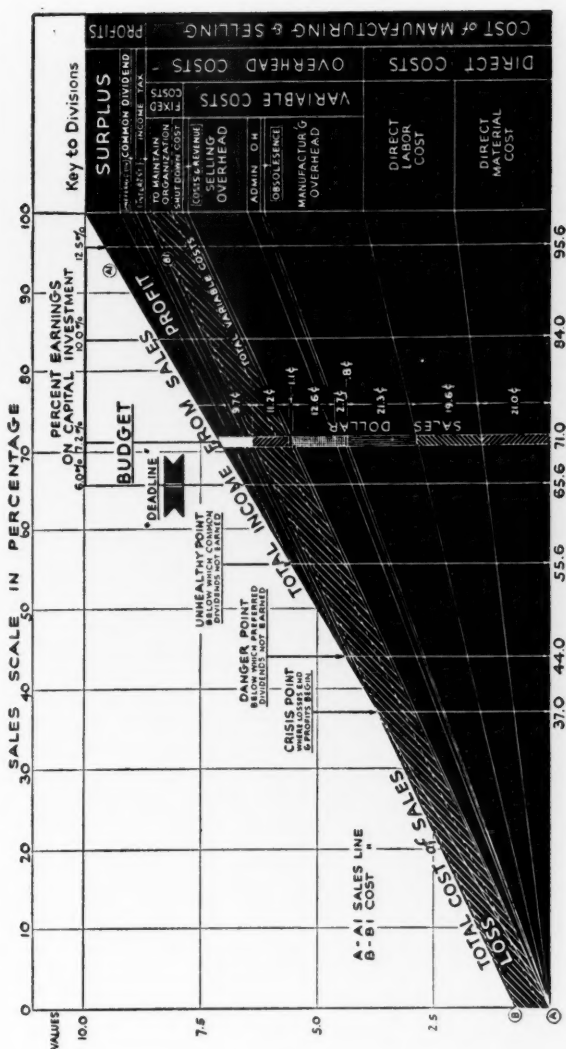


Figure 4

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figure four. This chart told them the amount of business which had to be obtained to overcome the crisis point; what volume had to be obtained in order to earn preferred dividends; and the point below which common dividends were not earned. It also showed the dead line, or where a six per cent. return was made on the invested capital; then where a ten per cent. return was made and where greater ratios on investment were earned as volume increased.

The line A to A-1 represents the sales line. The line B to B-1, including the herringbone area, represents the fixed charges including the following items: First, there are the shut down costs, such as insurance, taxes and depreciation, less a rental credit, received from the rental of the excess building. Secondly, there are the salaries of the executive staff, superintendents, department heads and the remaining people who would be required to maintain the organization and who could not very well be eliminated. Thirdly, there is the interest on funded indebtedness, which is a fixed item in our case.

When the amount of fixed costs is determined, the requirements for preferred and common dividends are then included, making provision for Federal and State taxes. The per cent. earnings required to make an adequate return on invested capital is known which might, as shown in this mythical profitgraph, be considerably greater than the return required for preferred and common dividends.

Upon making a provision for the fixed cost and earning requirements and knowing the ratio of direct labor, material and variable overhead costs to the sales dollar, the volume necessary to create the profit desired can then be determined on a ratio basis. Naturally, profits come first and variable allowances must be made accordingly.

It is believed that it would be well for every company to provide a reserve and budget for obsolescence as shown on the chart. This is true, especially in a period of business conditions such as we are experiencing today, when new products or changes in style are vitally essential for the purpose of interesting buying power, the adoption of which is thereby liable to cause obsolescence. The Department of Commerce data tells us that it costs at least ten per cent. to carry an inventory, of which five per cent. is

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for obsolescence. Therefore, as an example, if you have a \$3,000,000 inventory, you should have at least a \$150,000 reserve for obsolescence, applied on a monthly basis. Should the obsolescence reserve be unabsorbed in the current year, it is well to keep the remaining reserve, in addition to the reserve provided for in the following year, because you will no doubt find that style will, in some particular year, have a severe effect on your inventory. Quality alone is not going to get the public to spend their money during these times, although, to be sure, quality must be in the product in order to maintain the customer and eventually cause a re-purchase. Today, it is a case of giving the public something that will attract them so that they will dig down in their pockets and buy.

The bathing suit industry is having one of its best years in 1931, or during the depression, simply because they put out a new style of suit and people would not be seen on the beach wearing one of the old styles. I know that I own a perfectly good old suit.

It might be mentioned that, although we were confronted with serious inventory losses in the years of 1925 and 1926, as a result of obsolescence caused by style changes and perhaps inadequate inventory control, our budget of obsolescence was held in both the years of 1929 and 1930 being within \$1,000 of the budget for the year 1930. Again, as production volume increases or decreases, the obsolescence provision should be increased or decreased, according to the size of inventory involved.

It is believed that the chart readily pictures the direct cost, variable cost, total overhead cost, cost of manufacturing and selling and the break-down in profits. Management can then tell, at any point of volume, the allowance for direct material, direct labor, other costs and the profit involved at the point of volume.

The budget is shown on the chart to be equivalent to a volume of seventy-one per cent. On the basis of the deviation at the side of the chart the 100% volume is indicated by the deviation value of ten which could equal 1,000,000, 10,000,000, etc. Seventy-one per cent. usage would thereby be equivalent to a volume of 710,000, 7,100,000, etc. The chart can be used at all times throughout the year on the basis of having the actual performance

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inscribed against the budgeted set-up. If the volume is under the budget, the management immediately knows the reduction required in manufacturing and variable expense items. You will usually find that a chart of this nature

INDICES of POTENTIAL MARKET

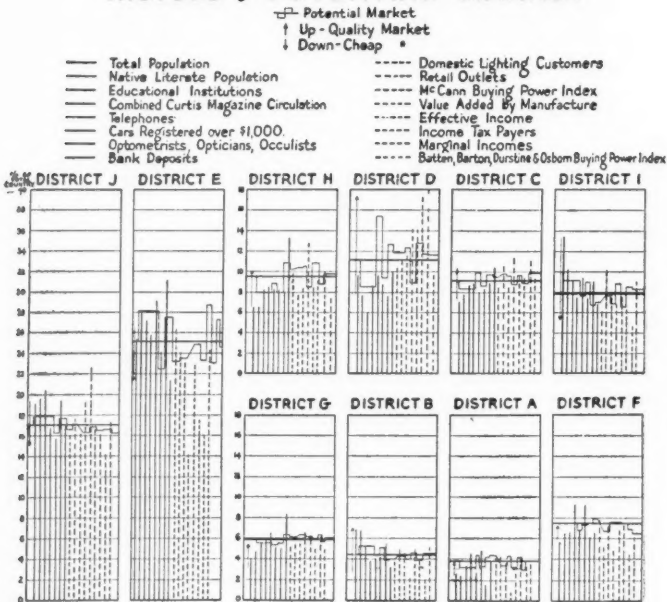


Figure 5

will stir management towards increased volume in order to get the greatest return on their investment.

This chart can be prepared for almost any business. It will no doubt take you some time to produce it accurately for your own industry. Although the chart shown is of a mythical nature, we have prepared an actual chart for our own business which took some few months to complete. When the chart was completed, it was presented to our management. While I have been with the company for a period of a little over four years, I had practically never been called to a directors' meeting, except for some special information. At the directors' meeting, subsequent

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to the recent completion and presentation of this chart, I was called in and asked to explain the profitgraph. When the talk was over, each one asked for a copy of the chart to keep in his own desk. It is believed that this was a case of the Controller's Division getting into the hearts of the executives with the use of a new tool.

Rather than the management making a provision for the estimated average of 16.5 per cent. drop in general business for 1931, they decided that they were going to take only a 7.5 per cent. drop in their goal, before deviation allowance, and attempt to beat depression by the remaining nine per cent. How were they going to beat it? Would it be with new products entirely or would the use of our developed potential markets or buying power studies help. In our case, we used both. Our methods of arriving at the potential market will be briefly discussed.

Our territorial districts in the United States are cut up in two ways. We have a distinct set of districts for our ophthalmic business, which includes the lens and frame business, and an entirely separate set of districts for our optical and instrument business. The sales forces are entirely separated, not only for the ophthalmic and optical business, but in many cases, for the products within these lines, on account of their technical application. Therefore, we have the United States to segregate and work on in two ways, in order to obtain the desired facts and results.

Indices of Potential Market

The market study which will now be presented was made for our ophthalmic business. We will show you the various indices selected for determining the relative potential market for each product in each district.

Each of our ten districts is, in this chart, figure five, lettered mythically, such as, J, E, H, D, etc., representing New England, South East, Middle West, etc. The various indices used are shown at the top of the chart, such as cars registered over \$1,000.; optometrists, opticians, oculists; bank deposits; domestic lighting customers; retail outlets; income tax payers, and so on.

Each of the various indices used is plotted in each district according to the listing at the top of the chart. For instance, under district J, the first buying power line at

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the left is population; second, native literate population; third, educational institutions, etc. Then referring to the plot of the lines of the indices, you will note that district J has approximately nineteen per cent of the total population of the United States, approximately twenty per cent. of the native literate population, and less than sixteen per cent. of the telephone users.

Where a district such as indicated by "H" has low population, but high income tax payers, telephone users, car users, etc., it is a quality district (as indicated by the arrow pointing upward), such as New York and Boston. Where a district has the reverse, such as the south or as indicated by district E, (the arrow pointing downward), it is a poor quality district.

COMPARISON of SALES and POTENTIAL MARKET

Mythical Co. Percentage of Sales to
Total Potential Market of all Districts
- 1930 -

Example 1:

Total Market Product 7 . . . \$2,100,000
Dist A . . . 320,000
Mythical Co. Sales of Product 7 in Dist. A . . . 109,000
% of Total Market . . . 34.1%

Example 2:

Total Market Product 1 . . . \$18,500,000
Dist A . . . 530,000
Mythical Co. Sales of Product 1 in Dist. A . . . 77,200
% of Total Market . . . 14.5%

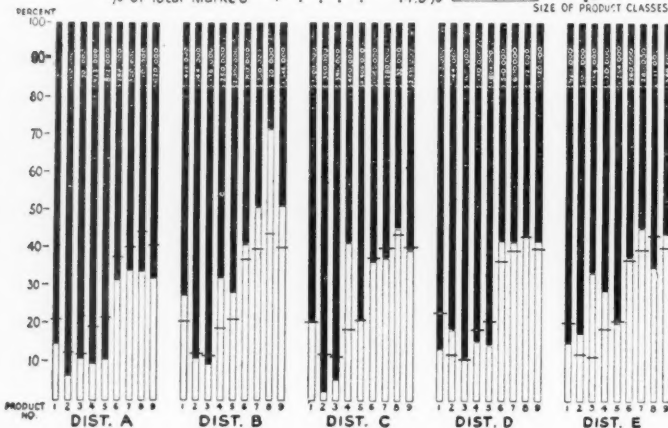


Figure 6

After the various indices were determined and plotted, we then selected the particular indices which we believed

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were characteristic of and adequately measured the relative distribution of buying power for our product number one; those indices which were characteristic of our product number two, etc. When we finished, we had a jagged line within each district, showing that, for instance, district E offered twenty-eight per cent. of the buying power of product number one and twenty-two per cent. for product number two, etc. When the buying power by product was completed for each district, a correlation was then made which determined the average buying power of the district, as finally shown by the straight horizontal line in the district, such as twenty-five per cent for district E. That covers the beginning of our market study. Now we go on to determine how we are performing against the determined market.

The Department of Commerce are doing some very fine work in the way of developing and issuing, through their industrial census of manufacturers, the total volume segregated by industry. I might say that one of the first things we did was to co-operate with the government in the development of a standard classification of products manufactured in the optical industry. We did this with the government because we were looking forward to obtaining some genuine facts. Today, as a result of such co-operation, we feel that we are getting, for the first time, some real facts which can be used for measuring the performance of the optical industry by product class.

Comparison of Sales and Potential Market

As an example, we will say that the census figures show that the total volume of product number seven is \$2,100,000. The government does not give you this total volume spread by areas. However, as previously described, we had already developed the relative value of each district to the total of the United States and especially in accordance with our own district segregation. In referring to district A, we had determined that the buying power for product number seven was worth 15.2% which would be \$320,000. The \$320,000 now becomes the 100% market for product number seven in district A, and the actual sales performance for district A is then measured against this total.

(To be concluded in February Cost and Management.)

CHAPTER NOTES

TORONTO

Reported by G. Alexander Phare.

We are still undecided as to whether there was not some grimly humorous significance to the fact that the Programme Committee selected the subject of Capital Expenditures for the meeting nearest to Christmas. True, they proposed to deal with their Control, at a time of year when heads of families find their Capital Expenditures at a most uncontrollable stage, and coupled with it Maintenance Expense, which normally commences on the day after Christmas. However, leaving aside the considerations of purity of motive and intent, be it recorded that Toronto Chapter held a dinner meeting at the Royal York Hotel on Monday, December 14th, at which they were addressed by Mr. Norman Tice, of the Steel Company of Canada Limited, who kindly came down to us from Hamilton to deal with the subject of the Control of Capital Expenditure and Maintenance Expenses.

We should like to be able to refer to a marked improvement in the matter of the toughness or otherwise of the meal, following up our dignified complaint in last month's Chapter Notes. This, unfortunately, we are unable to do. Having located a wealthy and soft-hearted individual who was prepared to donate a meal, we took him to dinner instead of attending the Royal York at our personal expense, and arrived for the programme portion of the meeting only. The dinner was partially liquid in character, and this last sentence may be interpreted, if so desired, as referring to soup.

Mr. Tice was well supported by Mr. S. E. LeBrocq, Controller of the Steel Company of Canada Limited, who was particularly welcome, and who is to be congratulated on his return to health.

Perhaps the outstanding note in Mr. Tice's remarks was the extreme care devoted to the expenditure necessary to Capital Expenditures. The system whereby such expenditures were put in motion was dealt with very completely, commencing with the form of original request for the necessary appropriation, and continuing through to the statement of actual saving effected by the operation of the new equipment, and its comparisons with the estimated saving. Nothing is left to individual prejudice or opinion in the making of such purchases, and the matter is thoroughly followed up to insure that the new equipment is performing the tasks for which it was installed, in a manner which lives up to anticipations.

The recording of plant and equipment, in an organization as large as the Steel Company of Canada, is most detailed and complete. Considerable use is made of the Hollerith system of machine tabulation, giving very full records with great saving of labor. The practical side of such records was stressed, as to its possibilities in curtailing unnecessary expenditure, and assuring full use and value from such commitments as were undertaken.

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Subsequent discussion was brisk, and several points of real value were brought out. The meeting was under the chairmanship of Mr. Kris Mapp, who found it necessary to leave the evening was completed. The latter portion of the meeting was under the guidance of the Vice-Chairman, Mr. W. M. Lane.

MONTREAL

Reported by R. Schurman, C.A.

A very enthusiastic meeting of the Montreal Chapter was held at the Arts Building, McGill University, on Thursday, December 3rd, when a series of seven debates was presented at the Open Forum meeting. The President, Mr. R. W. Louthood, presided, and Mr. P. W. Wright and Mr. L. Belanger acted as judges. The students of the senior cost accounting class took the affirmative side in each case, and members of the Society took the negative position. The speakers took their points especially well and showed evidence of excellent training. The subjects of debate are as follows:

(1) "Resolved that job cost accounting is more accurate than process cost accounting."

Affirmative, J. K. McLean; Negative, A. V. Madge. Negative won.

(2) "Resolved that standard costs are preferable to actual costs for the purpose of distributing factory overhead."

Affirmative, E. N. Barclay; Negative, H. W. Blunt. Affirmative won.

(3) "Resolved that uniform methods of cost accounting should be introduced into trade associations."

Affirmative, J. Houghan; Negative, R. Schurman. Draw.

(4) "Resolved that warehouse expenses should be classified as a selling expense and not as an item of factory overhead."

Affirmative, D. B. Peddie; Negative, T. S. Smyth. Draw.

(5) "Resolved that it is better to pay wages by cheque instead of cash."

Affirmative, W. D. Doonan; Negative, G. T. Bowden. Negative won.

(6) "Resolved that spoiled work should be treated as an item of factory overhead and not as a deduction from sales or as an item of general overhead."

Affirmative, C. E. Swift; Negative, S. Farquharson. Affirmative won.

(7) "Resolved that it is better to maintain a factory ledger than to maintain factory accounts in the general ledger."

Affirmative, C. Quinlan; Negative, C. N. Knowles. Affirmative won.

HAMILTON

Reported by R. Dawson.

December saw two very fine meetings under the auspices of the Hamilton Chapter, and the vastly increased interest in the doings of

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the Chapter this season is a source of gratification to the executive. True the attendance at the meeting on December 17 was not so good, but then the close proximity of Christmas had its effect in this case.

On December 3rd, the largest attendance in the history of the Hamilton Chapter for any meeting outside a dinner meeting, gathered together to hear Mr. G. W. Rice, Vice-President of The Bedaux Company of New York, address the members on the subject of "Wage Incentives." Not only that, but those who did attend were very well rewarded for Mr. Rice excelled himself and put over his address in a masterly manner. He was listened to with keen interest and at the close more time was occupied in answering questions than in the actual talk. It certainly was a very live atmosphere and proved to be undoubtedly one of the best meetings in many years. As Mr. Rice's remarks will appear later in Cost and Management, no good purpose can be served by quoting from his talk. Suffice it is to say that whatever one's reactions to his ideas on the subject of wage incentives in general and the Bedaux plan in particular, one could not help but enjoy this meeting and derive a vast amount of good from it. Mr. Rice was accorded a most hearty vote of thanks at the close. Prior to the regular meeting the executive of the Chapter met Mr. Rice at dinner at the Wentworth Arms Hotel, and the whole company spent a most enjoyable hour with our Dominion Honorary-Secretary, G. E. F. Smith, as usual, to the fore with his bright witticisms and general good humor.

On December 17th, the Chapter members heard Mr. M. B. Hamilton of The Bell Telephone Company give a most delightful and interesting talk on the subject, "Costs That Enter Into a Telephone Bill." The attendance was not what it should have been due to the approaching holiday season, but it was a very fine meeting and once again the members showed their interest in the subject by a long list of questions brought up by Mr. Hamilton's talk. A most entertaining speaker, Mr. Hamilton gave a really interesting talk which will also appear in Cost and Management, and those who preferred Christmas shopping missed something really fine.

By this time the members will have, we hope, thoroughly enjoyed Christmas and will be settling down to the less enjoyable taking of inventories. Believing that something other than a study of costs might be well at this time, the Hamilton Chapter have planned their first annual smoker to held on January 7th, instead of a regular meeting.

This smoker will be held in the Recreation Rooms of the Cosmos Imperial Mills through the very kind permission of the management, and right now the Entertainment Committee, consisting of Messrs. Mouncey, Horton, Fraser and Dawson, are busily engaged in lining up a suitable program for the occasion. It promises to be a real night when members can forget their problems of costs and inventories and meet each other in a real social spirit. Those who do not attend will have but themselves to blame.

At this time, may the writer of these notes, on behalf of the Hamilton Chapter Executive, wish members everywhere of whatever Chapter, a most Bright, Happy and Prosperous New Year.

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CENTRAL ONTARIO

Reported by Carl R. Dorschell.

Our December meeting was held at the plant of the Kaufman Rubber Company of Kitchener, on Thursday evening, December 10, at 8 o'clock. The attendance of our members at this meeting was somewhat of a disappointment, but the presence of a number of visitors made a fair gathering. The absentees missed a good meeting and also lost out on a visit through the plant. This addition to our programme came as a distinct surprise and was greatly appreciated. We were divided into groups of five and put in care of a capable guide, and taken on a tour of inspection from the basement where the raw rubber is received to the top storey where the footwear is assembled and manufactured. A demonstration of how rubbers, rubber boots and overshoes are made was staged for our special benefit. The operators showing great skill and efficiency in assembling and building up shoes and boots. They were also kept busy satisfying the curiosity of one of our members who thought it must be quite a puzzle to get the last out of the shoe after it was made. A point of interest to the writer was an installation of Babcock-Wilcox & Goldie-McCulloch boilers and a Corliss engine in operation made by the same company.

About 9.30 we gathered together in one of the rest rooms for our meeting. As our Chairman, Mr. G. Earnshaw, was unable to be present on account of a western trip, the chair was taken by Carl Heimrich who introduced the speaker of the evening Mr. R. Presgrave of the York Knitting Mills of Toronto. His subject "Group Wage Incentives—Their Advantages and Disadvantages" was a new topic for our chapter, and was presented in an unbiased manner as both sides of the question were examined, and after a careful analysis of each point certain definite conclusions were arrived at. In his opening remarks the speaker outlined in brief the various methods of wage payments, from the old contract wage system up to present time when various wage incentives are used. The group wage system was more readily adopted with men employees and more easily operated, but it was not so satisfactory with female help as there was more dissatisfaction. The success of this system on the morals or esprit de corps of the workers in the group. Some argue that under this system the quality of the product is bound to suffer. This, however, is in the hands of the management and the system should not affect the quality. Other advantages were reduction in cost work thereby effecting a saving, new help is trained more rapidly as it is of advantage to every member of the group to help a beginner and the time and expense was less for installing and operating the system. The draw-backs were that there was a danger of losing skilled operators because of the lack of individual incentive. Each man in the group was put on an equal rating and often a skilled operator was 30% more efficient than the average. If he was classed in a group of ten men his over productivity would net him only 3% increase in remuneration against a 30% increase in effort. This in time was bound to cause dissatisfaction. The speaker said that in their plant this wage plan operated satisfactory in the spinning and shipping departments, was partly used in the knitting and sewing departments, but was entirely un-

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satisfactory for the winding room. The speaker answered a number of questions in regard to the operation and setting of rates under the group system and the results obtained. A number of other questions were asked in regard to distribution of overhead and handling of freight charges.

A vote of thanks was extended to the speaker for his kindness in coming up from Toronto to speak to our meeting. An expression of appreciation was also extended to the Kaufman Rubber Company for their courtesy and hospitality in allowing us to hold our meeting there and showing us their plant.

The next meeting of our chapter will be on January 20, and it will be held in Galt, the place of meeting has not been set as yet, but the members will be advised by letter. The speaker for this meeting will be Mr. R. Dawson of the Hoover Company of Hamilton, and his subject will be "Inventory Control."

WINNIPEG

Reported by T. E. Saul, C.A.

The Winnipeg Chapter's regular monthly dinner meeting was held on December 15th, 1931, at the Carlton Club. There were about 22 members and guests assembled and the principal speaker of the evening was Mr. D. C. Hodson of the Dominion Bridge Company Limited, his subject being "Some Peculiarities of Structural Contracts."

Mr. Hodson dealt thoroughly with structural contracts from the time of submission of tenders until the final erection of the structure contracted for. In preparation of tenders, records of previous contracts are extensively referred to, and in that connection Mr. Hodson stated that his company had complete records covering all contracts completed for the last 25 years. In addition to these a separate planning department is maintained for the purpose of accurately forecasting the probable cost of any contract according to required specifications, thus ensuring the closest possible margin between tendered cost and final cost of the contract.

Following the acceptance of tenders and receipt of the contract, the problem of material requirements was next dealt with. Mr. Hodson stated that the policy of his company was to purchase as largely as possible from local concerns and in accordance with this procedure, whenever possible, requirements are secured from the Manitoba Rolling Mills at Selkirk. Materials not procurable locally are then secured first from Canadian firms, next from firms in Great Britain or other parts of the Empire, and lastly from certain points in the United States, depending on the specifications of the contract. In addition to contract requirements, Mr. Hodson stated that it had been found necessary to keep a considerable quantity of materials in stock for the purpose of rendering efficient service to customers.

The processes of cutting and fabricating the steel for contracts was next dealt with in detail. On receipt of materials, these are stored at one end of the plant which is laid out in such a way that materials

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may be removed from store and carried through various processes by means of electrical cranes so that by the time such materials have reached the opposite end of the plant, the necessary cutting and fabricating has been completed and the different parts are ready for transportation to the site of the contract. It will be noted here that as far as possible, various units going into construction are fabricated at the plant and marked in such a way that the final process becomes a matter of assembly only. Transportation of fabricated units is handled by means of motor trucks for contracts located in the vicinity of the plant, while specially constructed freight cars are used for out-of-town contracts. In both cases efficient loading facilities are maintained at the plant, ensuring a minimum of handling costs.

In connection with the erection of steel structures, detailed reports covering the amount completed each day are forwarded to the office of the company, and in this way all information with regard to progress made and to stoppages or loss of time is readily available. With this information available the company may (1) make collections on account by means of progress estimated submitted in accordance with the portion of the contract completed from time to time, and (2), advise the organization for which the structure is being erected as to all delays thereon.

This is very important in view of the time element attaching to all contracts; generally it may be said that the constructing company is not responsible for unavoidable delays, and these have the effect of extending the original time limit as stated by the contract.

At the conclusion of his remarks a hearty vote of thanks was tendered to Mr. Hodson on the motion of the chairman, Mr. E. J. Burleigh, who congratulated Mr. Hodson on his very interesting address.

Following this the meeting received a very interesting account from Mr. Warwick of the Manitoba Bridge & Iron Works Company, covering the work of accident prevention in that plant for which he is responsible. Mr. Warwick first told of his experience in connection with the International Organization for Accident Prevention which convenes once a year, the last meeting being held at Chicago. He told of the remarkable development which has taken place in that particular line and quoted extensively from the experience of other large manufacturing companies in the matter of decreasing the number of lost time accidents per year. Following this, Mr. Warwick gave statistics covering the local firm with which he is connected, and it was noted that a very large decrease in these accidents had been produced as a result of the work in which he is engaged. He told of the routine steps necessary in connection with the institution of a plan of accident prevention which may be briefly stated as follows: (1) The covering of all machinery of a dangerous nature as much as possible without interference with production; (2) The use of a bulletin board to display various posters for the purpose of arousing the attention of the workers to the necessity for accident prevention, both on the part of the company and of the workers themselves; (3) Educational work carried out amongst the employees tending to ensure their support of the policy adopted by the company; (4) Displaying by graphical means the accident statistics of each department and of the plant as a whole, and (5) Establishment of an accident investigation committee for the purpose of thoroughly tracing the circumstances

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and causes of each accident with a view to the fixing of responsibility thereon.

At the conclusion of Mr. Warwick's address numerous questions were asked concerning both papers of the evening and considerable interesting discussion ensued. The chairman thanked Mr. Warwick in appropriate terms for his address on a subject which is undoubtedly of vital importance to all industries, and his remarks were heartily concurred in by those present.

PERSONAL ITEMS

G. A. Phare, one of the directors of Toronto Chapter, is now connected with Dawson Richardson Broadcasting Facilities, of Winnipeg, looking after their business in eastern Canada.

MCGILL UNIVERSITY EVENING CLASSES

Under the heading of "Examinations" in December Cost and Management, reference was made to certain evening classes which are intended to be of assistance to candidates trying examinations set by our Society. Evening classes conducted by McGill University, Montreal, cover three of our subjects, and reference should have been made to these also.

The courses given at McGill University are as follows:

1. Elements of Accounting. Professor R. R. Thompson, C.A.
2. Intermediate Accounting and Auditing. Professor R. R. Thompson, C.A.
3. Law. W. C. Nicholson, J. A. Mathewson, A. I. Smith, K. A. Wilson.

A certain cost accountant was always six months behind and was finally fired. He needed some money to tide him over until he could get a job, so he went to a friend of his who happened to manage a circus and asked him for a loan. The circus manager said he was sorry but his trained baboon had just died and it was going to cost \$5,000 or \$10,000 to get a new one; consequently, he could not accommodate him.

The ex-cost-man thought for a moment and then suggested to his friend that he take the skin from the dead baboon and let him get inside of it, carrying on in the show, thus enabling him to earn a little money.

The circus manager agreed and two or three days later the show went on. The baboon came out and did his stuff, much to the delight of the crowd who applauded the more he pranced about until, unfortunately, he slipped and fell into the lion's cage. The lion let out a growl and started to pursue him but our friend, the baboon, for a few minutes kept out of the lion's way.

Finally, seeing that he was about to be captured, he started to yell, "Help! Help!" whereupon the lion said, "Shut up, you fool; do you think you're the only cost accountant out of work?"

